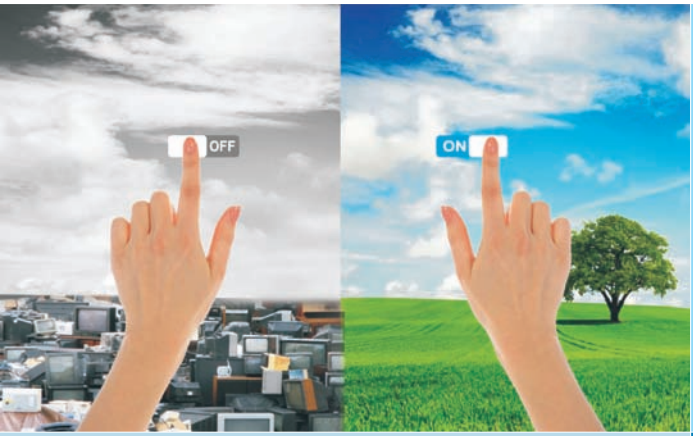
19th Annual Report

(2012-2013)



Cerebra Integrated Technologies Limited

CEREBRA
Total I.T. Solutions
An ISO 9001 : 2008 Company

www.cerebracomputers.com

BOARD OF DIRECTORS

V. Ranganathan	-	Managing Director
Gururaja K. Upadhya	-	Director Technical
Shridhar S. Hegde	-	Whole-time Director
P. Vishwamurthy	-	Whole-time Director
T. S. Suresh Kumar	-	Director
P. E. Krishnan	-	Director
S. Gopalakrishnan	-	Director

REGISTERED OFFICE, FACTORY AND WORKSTATION

S-5, Off 3rd Cross, I Stage
Peenya Industrial Area
Bangalore - 560 058
Tel: 91 - 80 - 28370282 / 84
Fax: 91 - 80 - 28372609
Web: www.cerebracomputers.com
Email: info@cerebracomputers.com

CORPORATE OFFICE AND ITeS FACILITIES

26/4, 'A' Block, 2nd Floor
Industrial Suburb, Rajajinagar
Bangalore - 560 055

SUBSIDIARIES

1. Cerebra Middle East FZCO
   Dubai, UAE
2. Cerebra LPO India Ltd
   Bangalore
3. Geeta Monitors Pvt Ltd
   Bangalore
4. Cerebra E-waste Recovery Pte. Ltd.
   Singapore

STATUTORY AUDITORS

Messrs Ishwar & Gopal
Chartered Accountants
Sri Vinayaka Motor Service Building
No, 21/3. T.S.P. Road Kalasipalyam,
Bangalore – 560 002

REGISTRARS & SHARE TRANSFER AGENTS

Karvy Computershare Pvt. Ltd.
Plot No 17 to 24, Vittal Rao Nagar,
Madhapur, Hyderabad – 500 081
Phone : 040 - 44655185
Fax - 040-23420814

BANKERS

Bank of India

ENLISTMENTS

BSE Limited (BSE)
National Stock Exchange of India Limited (NSE)

DEPOSITORIES

National Securities Depository Limited
Central Depository Services Limited

Dear Stakeholder,

Greetings!

We always look with immense pleasure in welcoming December for the two following reasons:

1. Welcome the New Year which we hope and wish will bring in lot of prosperity, cheer, happiness and overall growth for your company.
2. We get an opportunity to meet up and interact with all of you, the real owners of the company. It gives me great pleasure to welcome you all to the 19th AGM of your company. I am sure we will able to see all the old supporters of Cerebra and also some new ones during the AGM.

The economic scenario continues to be bleak and bearish. We hopefully assume that this should and will change sooner rather than later. Your Company has performed well in spite of the bleak economic outlook. Enhance inflation, higher interest rates, rising commodity prices and continued weakness in the global economy have added to the woes of the industry. Investments in to Indian Corporate reduced drastically in the past 18 months or so. India's economy grew by a low level of 5% last year and is not expected to be any better this year. The political scenario is also turbulent and we hope this will stabilise post elections round the corner and will have a stable, growth oriented Government in the centre.

Your Company has achieved a turnover of Rs. 23,205.11 Lakhs and a profit of Rs. 536.32 Lakhs during the year. The year saw its ups and downs for your Company. We had signed a SPA to acquire the Singapore based E waste recycling company called Cimelia; however we were forced to abort the same based on the advice of our advisors, well-wishers and investors. We are focusing fully on setting up the India E waste plant and will soon conclude and start the plant in Narsapura Bangalore.

SMT

As mentioned in the last Annual Report, your Company has started exports of products to Canada and the volume of orders and value of booked orders to Canada has exceeded our expectations. Apart from this we have added many new customers and have confirmed orders for the next 12 months. We have been rated as the Top Electronics Manufacturer with a MNC who is based out of Singapore and has a global footprint comprising of the Americas, Asia Pacific, Europe, Middle East and Africa.

Cerebra Middle East:

Your Company's Middle East subsidiary has performed exceedingly well and the future also looks very promising. We have a team of young and dynamic personnel steered by an aggressive team leader and we have always been confident of their achieving the numbers and also exceeding them. Our confidence proved to be right.

Software, BPO, LPO

These divisions continue to perform though not up to our expectations. We have worked on different strategies here and hope this year will witness more encouraging results.

E waste: This continues to be our focus area and have started working on the Narsapura plant. We have started collecting E waste and segregating, shredding and processing them. Repair and refurbishment will start in full swing during the coming year.

Your Directors have covered each sector in great detail and very soon you all will be proud owners of a world class recycling plant.

We take this opportunity to thank you all, partners, vendors, bankers and the Governments of India and Karnataka for their support without which we would not have achieved any of the things mentioned in this report. Needless to add, nothing would have been possible without the relentless and dedicated cooperation extended by the employees at all levels and I sincerely salute them for their efforts.

On behalf of Team Cerebra, I take this opportunity to wish all of you a Very Happy and Prosperous New Year 2014!

Warm Regards

V Ranganathan
Managing Director

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

Regd Off. #S-5, Off 3rd Cross, I Stage, Peenya Industrial Area, Bangalore - 560 058

NOTICE

NOTICE is hereby given that the Nineteenth Annual General Meeting of the Company will be held at 11 a.m. on Tuesday, the 31st day of the December, 2013 at the Registered Office of the Company to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 30th September, 2013 and the Statement of Profit and Loss for the year ended on that date along with the Reports of Directors and Auditors thereon.

2. To appoint a Director in place of Mr. Gururaj K. Upadhya, who retires by rotation, and being eligible, offers himself for re-appointment.

3. To appoint a Director in place of Mr. S. Gopalakrishnan, who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint Messrs Ishwar & Gopal, Chartered Accountants, to hold the Office of Statutory Auditors from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting.

By Order of the Board

Place : Bangalore
Date : 30th November, 2013

V. Ranganathan
Managing Director

NOTES:

1. A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to vote instead of himself/ herself and the proxy appointed need not be a member. The duly filled in proxy form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.

2. For the convenience of the Members and for proper conduct of the Meeting, entry to the place of Meeting will be regulated by an Attendance Slip, which is forwarded as detachable part of Annual Report. Members are requested to affix their signature at the place provided in the Attendance Slip and hand it over at the entrance.

3. Members, who hold shares in dematerialized form, are requested to bring in their Client ID and DP ID nos. for easier identification of attendance at the meeting and those who hold shares in physical form are requested to write their folio number in the attendance slip for attending the meeting.

4. A member desirous of getting any information on the accounts or operations of the Company is requested to forward his/her queries to the Company at least 7 days prior to the meeting, so that, the required information can be made available at the meeting.

5. Members holding shares in physical form are requested to notify immediately any change in their address to the Company's Registrar and Transfer Agent, Karvy Computershare Private Limited. Members holding shares in electronic form may intimate any such changes to their respective Depository participants (DPs).

6. Members holding more than one share certificate in different folios are requested to kindly apply for consolidation of the folios and send the relative share certificates to the Company's Registrar and Share Transfer Agent, Karvy Computershare Private Limited, (Unit: Cerebra Integrated Technologies Limited), Plot No 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081.

7. Listing fee has been paid to the Bombay Stock Exchanges up to date and the Company has already made delisting applications to Kolkutta Stock Exchange and Ahmedabad Stock Exchange.

8. The Company's Shares are traded in electronic form with ISIN No. INE345B01019.

9. The Register of Members and the Share Transfer Books will remain closed on 31st December 2013 in connection with the Annual General Meeting.

10. Members are kindly requested to bring Annual Report 2012-13 along with them to the Annual General Meeting., since extra copies will not be supplied at the Meeting.

11. Pursuant to Section 205A (5) of the Companies Act, 1956, as amended, any money transferred to Unpaid Dividend Account and remaining unclaimed for a period of 7 (seven) years from the date of such transfer to the Unpaid Dividend Account shall be transferred by the Company to the Investor Education and Protection Fund (IEPF) established by the Central Government, and thereafter, the Shareholders shall not be able to claim any Unpaid Dividend from the said fund or from the Company. This information is included for the benefit of the Shareholders for future purposes.

12. The Shares of the Company are compulsorily traded in electronic form. The Members are requested to forward all applications for transfer and all other shares related correspondence, including intimation for change of address, if any, to the Registrars and Transfer Agent of the Company at the following address:

    Karvy Computershare Pvt. Ltd.
    Plot No 17 to 24 Vittal Rao Nagar,
    Madhapur, Hyderabad - 500 081
    Fax - 040-23420814
    Phone: 040- 4465 5000, 44655185

13. Pursuant to SEBI notification no. MED/ DOP/ Circular/05/2009 dated May 20, 2009, it has become mandatory for the transferee(s) to furnish copy of PAN Card to the Company/RTA to enable/effect transfer of Shares in physical form.

ADDITIONAL INFORMATION ON DIRECTORS SEEKING RE-ELECTION AT THE ANNUAL GENERAL MEETING:

1. **Mr. Gururaj K. Upadhya:**
   Date of Birth: 15.06.1964
   Qualification: B.E
   Expertise: Director Technical
   No. of Board Meetings attended during the year: 04

2. **Mr. S. Gopalakrishnan:**
   Date of Birth: 08.09.1967
   Qualification: B Com
   Expertise: Independent Director
   No. of Board Meetings attended during the year: 04

DIRECTORS' REPORT

Your Directors present their Nineteenth Annual Report together with the audited Balance Sheet and the Statement of Profit and Loss for the year ended 30th September, 2013.

FINANCIAL RESULTS:

(Rs. in lakhs)

Particulars	2012-13	2011-12
Total Income	23205.11	16359.02
Total Expenditure	22615.33	15880.42
Operating Profits (PBIDT)	821.90	652.72
Interest	116.81	96.05
Depreciation	115.31	78.07
Profit Before Extra Ordinary Income	589.78	478.60
Tax Expense	33.37	131.58
Profit after Current Tax	556.41	347.02
Minority Interest	20.09	48.96
Profit available for appropriations	536.32	298.06

REVIEW OF OPERATIONS & GROWTH OPPORTUNITIES-MANAGEMENT DISCUSSION AND ANALYSIS REPORT FOR THE YEAR ENDED 30TH SEPTEMBER, 2013:

Perhaps the Shareholders have widely observed continued global economic impact and rising of the Euro debt crisis leading to recessionary trends in the Corporate Sector. Given the circumstances, your Company was still able to overcome some of these hurdles and has achieved better performance. Your Company continued to focus on the hardware business and this segment turned out to be a major revenue earner this year too.

Despite the continued recession, the Company achieved better results in the year under report as can be witnessed from the financials

Whilst the total income increased from Rs. 16359.02 lakhs in the previous year to Rs. 23205.11 lakhs in the year i.e. by Rs. 6846.09 lakhs with 42% growth, the Profit stood enhanced from Rs.298.06 lakhs in the previous year to Rs. 536.32 lakhs in the year with 80% growth.

Your Company has registered and taken possession of 12 acres of industrial land near Bangalore, allotted by the Government of Karnataka.

Meanwhile, an important development which gives this project tremendous fillip is that the E-Waste Disposal Rule has been passed by the Ministry of Environment and Forests making it mandatory from May 1, 2012, for all to dispose of their E-Waste through authorised E-waste recycler only.

The team from E-Waste Recycling Division is being expanded. Cerebra is the only Company in India to be given the license to set up an Integrated E-Waste Recycling Facility with a processing capacity of 96,000 MT per annum. This license has been obtained from the Karnataka State Pollution Control Board (KSPCB), Bangalore. The temporary E-Waste facility at Peenya is doing well and has successfully added many new customers and contracts and the preferred E-Waste Management partners for many MNC Companies and many others. Cerebra after calling off the SPA with Enviro Hub Holdings Limited in Signapore has entered in to a MOU with E-Waste Systems INC, UK.

The Directors report that the Company continues to be debt free except for subsidiary Company Geeta Monitors Private Limited.

SUBSIDIARY COMPANIES

The Company has following subsidiaries:

1. Cerebra LPO India Limited.
2. Geeta Monitors Private Limited.
3. Cerebra Middle East FZCO, Dubai.
4. Cerebra E Waste Recovery Pte Ltd. Singapore

The Ministry of Corporate Affairs, Government of India has issued Circular granting general exemption to Companies under Section 212(8) of the Companies Acts, 1956 ('the Act') from attaching the document referred to in Section 212(1) of the Act pertaining to its subsidiaries. However, certain information as required is furnished in Annexure.

ITES DIVISION:

Cerebra LPO India Limited continued to consolidate its business and has added a couple of clients. Cerebra LPO added one client from Australia to do exclusivity agreements. Cerebra LPO entered in to a partnership agreement with a leading Legal advisory Company in New York, USA for acquiring Immigration related work. Long term agreements with a conveyancing firm in UK for paralegal services ended in August 2013. Cerebra LPO signed another agreement with a UK based Conveyancing firm who has begun providing Legal transcription work and will then move on to residential conveyancing process.

Medical transcription Services added one more client from USA and are currently doing about 5 Lakh lines per annum. Talks are on with another USA based large firm who are expected to provide about 20000 lines per month initially and should start by December 2013. Overall the subsidiary performed well by adding new clients.

Geeta Monitors Pvt. Ltd (GMPL), popularly known as **Geeta Electronics** has been going through change in structure to adapt to the market situations and its mission is to become a pure SI company in next 2 years. Some of the key initiatives which were put in place to adapt to the vision were to take up security products. While the run rate business of hardware continue through the committed resellers, the company also thought that solution and service based business should be taken up priority with the end enterprise customer is the way forward which otherwise was predominantly addressing the SME and SMB segment.

GMPL also put in place for the customers what we call as "**FAAS- Finance as a Service"** to take the route of OPEX model to support its esteemed customers. There were some customer additions through this models also in the last quarter.

ESD Division – During the year under report, the focus on research labs, defense, PSUs, PSBs, etc has been fruitful with Cerebra successfully executing orders from PSU's and Defense sectors. The Company also has been successful in closing deals in the higher education segment both in Government as well as private institutions. Cerebra is considered as a preferred vendor by many of these organizations. Cerebra has also strengthened its relationships with leading MNC OEM Brands and has established itself as a key player especially in education, defense, space & research lab segments whilst we stay focused on making a mark in other state & central government departments/bodies/PSUs.

With continued focus from the account managers in the Education, Defense, Space, PSU, Research Labs, Healthcare, etc. the Company intends to bring new business opportunities and a fairly large contribution to Cerebra's revenues in the new financial year 2013-2014. The market in Bangalore/Karnataka alone has a potential opportunity of close to INR 100 crores during the new financial year with demands for server, storage, networking, security and managed services expected to see an improved growth during this period. Further the Company will also look for opportunities outside the state to help maximize the revenues. With the E-waste division making decisive inroads in their domain, it is hoped to maximize the opportunities by working in tandem.

Cerebra M E FZCO - Cerebra Middle East has seen a tremendous growth in FY 12-13 both in terms of a massive increase in revenue as well as an expansion of its channel partner base in the Middle East. CME closed the year with a revenue of USD 9.25 Million as against USD 3.65 Million last year with good profitability.

Having closed the fiscal year by winning a major Data Center contract for 2.3 Million USD which will be billed and executed in the first quarter of FY 13-14, CME's focus areas for the new financial year are going to be channel growth, channel enablement, loyalty programs and a substantial increase in its vendor and solutions portfolio. The year will see an increase in CME's industry specific portfolio coverage with storage, infrastructure and security solutions for the Oil and Gas, Banking, Healthcare, Telco, Media, Education, Retail & Hospitality verticals. Cerebra Middle East will launch its partner program, C-Connect, in early 2014 and is expected to onboard at least 4 new vendors before end of its second quarter.

DIVIDEND:

Your Directors regret to inform you that no dividend is recommended for the year ended 30th September, 2013 considering the aggressive expansion programs in different verticals and the need of capital needs – both capex and opex.

DIRECTORS:

Mr. Gururaj K. Upadhya and Mr. S. Gopalakrishnan, Directors, retire by rotation. In accordance with the Companies Act, 1956 and Articles of Association of the Company and being eligible, offer themselves for re-appointment.

FIXED DEPOSITS:

Your Company has neither accepted nor renewed any Fixed Deposits during the year ended 30th September, 2013.

AUDIT COMMITTEE:

Audit Committee constituted by the Board of Directors with requisite composition to fall in line with the prevailing laws continued to discharge its functions during the year under report.

AUDITORS:

Messrs Ishwar & Gopal, Chartered Accountants, the existing Auditors, have expressed their willingness to get reappointed at the ensuing Annual General Meeting.

The Board of Directors recommends their appointment.

AUDITORS' REPORT:

Regarding the opinion of the auditors emphasis of matter which are self explanatory in note no. 2B(l, m and n) the explanations of the directors are as follows :

Regarding the share application monies and capital advances the management is negotiating for an amicable settlement.

Regarding trade receviable the management is hopeful of recovering the amount from debtors and hence no provision was made.

PARTICULARS OF EMPLOYEES:

There was no employee drawing remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act, 1956 read with Companies (Particulars of Employees) Rules, 1975.

DEPOSITORY SYSTEMS:

Your Company continues with an arrangement with National Securities Depositories Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for dematerialization of your Company's securities in accordance with the provisions of the Depositories Act 1995, which are fully operational and members may avail of such facilities. With this, the members have an option / discretion to hold their demat shares in the Company through National Securities Depositories Limited and/or Central Depository Services (India) Limited.

COMPLIANCE OF STOCK EXCHANGE FORMALITIES:

Your Company has fully complied with the Listing formalities of all the Stock Exchanges where the Company's shares are listed. Your Directors have taken necessary action in connection with the Guidelines/Regulations issued by Securities and Exchange Board of India (SEBI) on Insider Trading.

ACCOUNTING STANDARDS:

The Company has followed the mandatory Accounting Standards for preparation of Financial Statements for the year ended 30th September, 2013.

CORPORATE GOVERNANCE:

The Company has complied with all the recommendations of Corporate Governance Code as provided in Clause 49 of the Listing Agreement. A detailed report on Corporate Governance has been included separately in the Annual Report.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

Your Company is committed to transparency, good Internal Controls and risk Management. It has established Adequate System of Internal Control commensurate with size of the business.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information pursuant to Section 217(1) (e) of the Companies Act, 1956 read with the Companies (Disclosure of particulars in the Report of the Board of Directors) Rules, 1988 is Nil.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

Foreign Exchange Earnings: Rs. 293.72 Lakhs
Foreign Exchange Outgo: Rs. 76.01 Lakhs

DIRECTORS' RESPONSIBILITY STATEMENT:

As per Section 217(2AA) of the Companies (Amendment) Act, 2000 your Directors hereby confirm that –

- In the preparation of these annual accounts, the applicable accounting policies and standards are followed, as issued by the Institute of Chartered Accountants of India (ICAI) and the requirements of the Companies Act, 1956, to the extent applicable. No material departures are noticed from the prescribed accounting standards;
- The accounting policies are consistently applied and reasonable, prudent judgment and estimates are made so as to give a true and fair view of the state of affairs of the Company as at the end of the year ended September 30, 2013 and of the "Profit/(Loss)" of the Company for that year;
- The accounts for the year-ended 30.9.2013 have been prepared on a system of historical cost, on a going concern and on accrual basis;
- Proper and sufficient care has been taken for maintenance of adequate accounting records in accordance with the provisions of the Act, for safeguarding the assets of the Company and for preventing and detecting fraud, errors and other irregularities;
- Financial Statements have been audited by Messrs Ishwar & Gopal, Chartered Accountants, Bangalore, being the Statutory Auditors of the Company.

UNUSUAL ITEMS AFTER THE YEAR END DATE:

In the opinion of the Directors, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which would affect substantially the results of the operations of the Company and for the financial year in which this report is made.

ACKNOWLEDGEMENTS:

Your Directors thank the Shareholders/Investors for their response and confidence, Customers, Vendors, Bankers, Channel Partners, Software Technology Park of India, the various Central Government Departments and State Government Departments for their invaluable co-operation and support for your Company's survival.

For and on behalf of the Board

Place: Bangalore
Date: 30th November, 2013

V Ranganathan
Managing Director

Shridhar S. Hegde
Whole time Director

DETAILS PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO SUBSIDIARY COMPANIES 2012-13.

Details pursuant to Section 212 of the Companies Act, 1956, relating to subsidiary companies 2012-13.

(in Rs.)

Particulars	Cerebra E Waste Recovery Pte Ltd. Singapore	Cerebra LPO India Limited	Cerebra Middle East FZCO, Dubai	Geeta Monitors Private Limited
Share Capital	44	500000	1,223,103	49,999,500
Reserves	1,302,658	23,947,756	(719,867)	41,433,837
Details of Investment	44	350,000	1,100,793	42,839,580
Total Assets	69,279,449	81,649,257	63,898,789	276,196,232
Total Liabilities	69,279,449	81,649,257	63,898,789	276,196,232
Turnover	-	27,847,937	534,890,064	520,655,452
Profit before tax	(106,665)	6,831,879	14,910,775	7,263,134
Provision for tax	-	4,221,368	-	4,761,118
Profit after tax	(106,665)	2,610,511	14,910,775	2,502,016
Proposed Dividend	NiL	NIL	NIL	NIL

REPORT ON CORPORATE GOVERNANCE (In terms of recommendations by SEBI)

INTRODUCTION:

As reported in the last Annual Report, your Company has implemented and complied with the Corporate Governance Code recommended by the Securities and Exchange Board of India (SEBI). Your Company shall always be managed with the principles of Good Corporate Governance with a view to enhance overall Shareholder value and to run the business effectively to achieve its corporate objectives.

I. BOARD OF DIRECTORS:

A. The Board of Directors of the Company has 4 Executive and 3 Non-Executive Independent Directors.

After due circulation of agenda and notes thereon, the Board of Directors have met at reasonable periods of intervals to transact business on various Board's functions, responsibilities and accountabilities. Compliances of various Laws and Regulations along with the Corporate Philosophy, goal, plans and strategies have been dwelt at length by the Board at its various proceedings.

The details of the Directors' attendance at the Meetings of the Board of your Company during the year ended 30.09.2013 are given below:

(Amount in Rs.)

Sl. No.	Name	Designation	No. of Board Meetings held	No. of Board Meetings Attended
Executive/Wholetime Directors				
	Messrs			
1.	V Ranganathan	Managing Director	04	04
2.	Gururaj K Upadhya	Whole Time Director	04	04
3.	Shridhar S Hegde	Whole Time Director	04	04
4.	P Vishwamurthy	Whole Time Director	04	04
Non Executive and Independent Directors				
5.	Suresh Kumar TS	Director	04	04
6.	PE Krishnan	Director	03	03
7.	S Gopalakrishnan	Director	04	04

All the Directors including Chairman of the Audit Committee except Mr. T S Suresh Kumar and Mr. P E Krishnan, attended the Eighteenth Annual General Meeting.

II. AUDIT COMMITTEE:

The functions of Audit Committee are as follows:

- To oversee the Company's financial reporting process and disclosure of its financial information;
- To recommend the appointment of statutory auditors and fixation of the audit fee;
- To review and discuss with the auditors about internal control systems, the scope of audit including the observations of the Auditors, adequacy of the internal audit function, major accounting policies, practices and entries;
- Compliance with accounting standards;
- Compliance with the Stock Exchange and legal requirements concerning financial statement and related party transactions, if any;
- To review the Company's financial and risk management policies;
- Discuss with the internal auditors any significant findings for follow-up thereon;
- To review the quarterly, half yearly and annual financial statement before submission to the Board of Directors.

The Committee also meets the management team and reviews the operations, new initiatives and performance of the business units. The minutes of the Audit Committee are circulated to the Board, discussed and taken note of.

The Audit Committee is comprised of the following Directors:

1. Mr. S. Gopalakrishnan – Chairman
2. Mr. T.S. Suresh Kumar – Member
3. Mr. P.E. Krishnan – Member

The details of attendance of the Meetings of the Audit Committee for the year ended 30.09.2013 are as follows:

Sl No.	Name	No. of Meetings held during the year	No. of Meetings attended during the year
	Messrs		
1.	S. Gopalakrishnan	4	4
2.	T.S. Suresh Kumar	4	4
3.	P.E. Krishnan	4	3

The Audit Committee reviewed the financial results, accounting and financial controls as well as policies and practices as also internal control and internal audit systems.

III REMUNERATION COMMITTEE:

The functions of Remuneration Committee are as follows:

- To review, assess and recommend the appointment of executive and non- executive Director from time to time;
- Periodically review the remuneration package of the executive Directors and recommend suitable revision to the Board;
- To recommend compensation to the non-executive Directors in accordance with the provisions of the Companies Act, 1956;
- To consider and recommend Employee Stock Option Schemes from time to time and to administer and supervise the same.

Remuneration of employees largely consists of base remuneration, perquisites and performance incentives.

The Remuneration Committee consists of the following Directors:

1. Mr. S. Gopalakrishnan – Chairman
2. Mr. T.S Suresh Kumar – Member
3. Mr. P.E. Krishnan – Member

The details of attendance of the meetings of the Remuneration Committee for the year ended 30.09.2013 are as follows:

Sl No.	Name	No. of meetings held during the year	No. of meetings attended during the year
	Messrs		
1.	S. Gopalakrishnan	NIL	NIL
2.	T.S. Suresh Kumar	NIL	NIL
3.	P.E. Krishnan	NIL	NIL

Details of Remuneration of Directors:

(Amount in Rs.)

Sl. No.	Name	Designation	Salary(in Rs)	Sitting fee*
Executive/Wholetime Directors				
	Messrs			
1.	V Ranganathan	Managing Director	1200000	NIL
2.	Gururaja K Upadhya	Whole Time Director	1200000	NIL
3.	Shridhar S Hegde	Whole Time Director	1200000	NIL
4.	P Vishwamurthy	Whole Time Director	1200000	NIL
Non Executive and Independent Directors				
5.	Suresh Kumar TS	Director	NIL	NIL
6.	PE Krishnan	Director	NIL	NIL
7.	S Gopalakrishnan	Director	NIL	NIL

Note: No sitting fee was paid to the Directors.

IV. INVESTORS' GRIEVANCES COMMITTEE:

The functions of Investors Grievances Committee are as follows:

- To look into the shareholders complaints, if any and to redress the same expeditiously.
- To approve the request for issue of duplicate share certificates and issue of certificates after split/ consolidation.

The Investors' Grievance Committee consists of the following:

1. Mr. S. Gopalakrishnan – Chairman
2. Mr. TS Suresh Kumar – Member
3. Mr. P.E. Krishnan – Member

The Sub-Committee duly appointed by the aforesaid Committee met continuously to address the various issues relating to the investors, including non-receipt of Annual Reports, Dividend related issues, Change of addresses, transfers of shares, dematerialization and other related aspects. The Company has also continuously requisitioned the services of an independent Practicing Company Secretary to review the procedures followed by the RTA. No major grievance of any investor was pending as on 30th September, 2013.

None of the Directors of the Company was members in more than 10 committees nor acted as Chairman of more than five committees across all companies in which they were Directors. During 2012-13, no transactions of material nature had been entered into by the Company with the Management or their relatives that may have a potential conflict with interest of the Company.

V. MANAGEMENT:

Clause 49 of the Listing Agreement with the Stock Exchanges states the following as regards the Management.

The Company agrees that as part of the Directors' Report or as an addition there to, a Management Discussion and Analysis report should form part of the annual report to the Shareholders. This Management Discussion & Analysis should include discussion on the following matters within the limits set by the Company's competitive position:

i. Industry structure and developments
ii. Opportunities and Threats
iii. Segment wise or Product-wise performance
iv. Outlook
v. Risks and concerns
vi. Internal control systems and their adequacy
vii. Discussion on financial performance with respect to operational Performance
viii. Material developments on the Human Resources/ Industrial Relations front, including number of people employed

A 'Management Discussion and Analysis of Results of Operations and Financial Condition' report is included hereunder.

The report contains all the information specified above.

The Company has a policy under which all the Directors of the Company are required to disclose all material financial and commercial transactions where they have a personal interest to the Board. All the related party transactions are disclosed as note no. 10 under Notes to Accounts.

COMPLIANCE OFFICER AND ADDRESS FOR CORRESPONDENCE:

Mr. Shridhar S Hegde continues to be the Compliance Officer of the Company. Address of the Registered Office of the Company shall be the address for correspondence.

Details of Annual General Meeting (AGM):

Year	Location	Date	Time
2010-11	Registered Office of the Company	17.12.2011	11 AM
2011-12	Registered Office of the Company	29.12.2012	11 AM
2012-13	Registered Office of the Company	31.12.2013	11 AM

Means of Communication:

Quarterly results are forwarded to the Stock Exchanges and are also published in the Newspaper as per SEBI guide line and are made available to the investors.

GENERAL SHAREHOLDERS' INFORMATION:

The following information would be useful to the Shareholders:

1. Annual General Meeting Date and Time: 31st December, 2013 at 11 AM
2. Financial Calendar: 01.10.2012 to 30.09.2013
3. Book Closure Date: 31.12. 2013
4. Listing on Stock Exchange at:
   a. Bombay Stock Exchange Limited (BSE)
   b. National Stock Exchange of India Limited (NSE)

5. Depositories:

National Securities Depository Limited
Central Depository Services Limited
Stock Code: BSE – 532413
NSE: Cerebraint
Demat arrangement with NSDL and CDSL: INE345B01019.

6. **Registrars & Share Transfer Agents:**

Karvy Computershare Private Limited,
Plot No 17 to 24 Vittal Rao Nagar
Madhapur Hyderabad - 500 081
Phone: 040 - 23420818 - 824 Fax - 040-23420814
Email: sanjayrao@karvy.com

7. Stock Market Data:

NSE (National Stock Exchange of India Limited) has admitted to dealing the Company's Equity Shares from 26th June, 2013 and the Company's stocks are traded on NSE as per the circular issued by NSE vide their Download Ref. No: NSE/CML/23740 circular no. Circular Ref. No.: 499/2013 dated 24th June 2013.

BSE Limited
Scrip Code: 532413 **Company:** CEREBRA INT
For the Period: October 2012 to September 2013

Month	Open Price	High Price	Low Price	Close Price
October 2012	30.00	30.00	21.55	23.95
November 2012	24.40	28.00	22.00	23.80
December 2012	23.20	24.00	16.60	22.00
January 2013	23.45	27.50	21.15	25.25
February 2013	25.25	26.75	19.50	20.10
March 2013	20.30	21.75	13.75	15.65
April 2013	16.00	17.50	12.70	14.95
May 2013	14.85	15.99	12.00	13.66
June 2013	13.66	21.40	13.36	17.90
July 2013	19.60	19.95	7.55	8.30
August 2013	8.00	10.00	7.25	8.35
September 2013	8.47	10.00	7.61	7.80

National Stock Exchange of India Limited, (NSE)
CEREBRAINT.
For the Period from 26th June 2013 to 30th September 2013.

Month	High Price	Low Price	Close Price
From 26th June 2013	22.85	18.00	18.00
July 2013	19.85	7.25	8.35
August 2013	9.55	7.00	8.20
September 2013	10.00	7.65	7.65

8. Share Transfer System:

The Company in consultation with the RTA ensures that the transfers of shares in physical form and dematerialization take place well within the time limits.

9. Distribution of Shareholding as at September 30, 2013:

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
0-5000	6163	75.01%	1041046	10410460	2.16%
5001 - 10000	725	8.82%	625027	6250270	1.30%
10001 - 20000	451	5.49%	734207	7342070	1.53%
20001 - 30000	186	2.26%	486748	4867480	1.01%
30001 - 40000	96	1.17%	350164	3501640	0.73%
40001 - 50000	102	1.24%	490381	4903810	1.02%
50001 - 100000	187	2.28%	1463962	14639620	3.04%
100001 & Above	306	3.72%	42901147	429011470	89.21%
TOTAL	8216	100.00%	48092682	480926820	100.00%

10. Categories of Shareholding as at September 30, 2013:

Category	No. of shares held	% of holding
Promoters Holding:		
i. Indian Promoters	3442982	7.16
ii. Foreign Promoters	0	0
Sub Total	**3442982**	**7.16**
Non-Promoters Holding:		
i. Mutual Fund and UTI	0	0
ii. Banks, Financial Institutions and Insurance companies	0	0
iii. Bodies Corporate	16297297	33.89
iv. Indian Public	18654103	38.79
v. NRIs/OCBs	493891	1.03
vi Foreign Collaborators	9200000	19.13
vi. Others – Clearing Members	4409	0.01
Sub Total	44649700	92.84
Grand Total	**48092682**	**100**

11. Dematerialization of shares and liquidity as at 30-09-2013:
Control Report as on 30-09-2013

Description	No of Holders	Shares	% To Equity
PHYSICAL	1643	7239227	15.05
NSDL	4512	31849971	66.23
CDSL	2061	9003484	18.72
Total:	**8216**	**48092682**	**100.00**

Comparative position as on 30-09-2012

Description	No of Holders	Shares	% To Equity
PHYSICAL	1759	18043527	37.52
ELECTRONIC FORM	6526	30049155	62.48
Total:	8285	48092682	100

12. Number of days taken for dematerialization: 15 Days from the date of physical documents received

13. Dematerialization requests from 01-10-2012 to 30-09-2013:

SL. No.	Depositories	No. of Cases	No. of Shares	% of Shares
1.	NSDL	93	9378100	19.50
2.	CDSL	23	1426700	2.97
	Total		**10804800**	

14. Postal Ballot:

No Resolution was passed during the year attracting Postal Ballot and no resolution attracting Postal Ballot is recommended at this meeting.

15. Report on Corporate Governance:

This report together with the information given in Directors Report constitutes a detailed compliance report on Corporate Governance during the current year.

16. Disclosures regarding suspense account pursuant to SEBI circular no. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009:

As per the above mentioned Circular, Clause 5A stands for shares issued pursuant to the public issues or any other issue which remain unclaimed and are lying in the escrow account and any unclaimed benefits like Dividend, Bonus Shares etc., which are to be credited to the Demat Suspense Account. This being the first year after the circular coming into force from April 2009, your Company is taking steps to streamline all the requirements.

For and on behalf of the Board

Place: Bangalore
Date: 30th November, 2013

V Ranganathan
Managing Director

Shridhar S Hegde
Whole time Director

Certification by CEO (Managing Director) & CFO

We hereby certify that;

1. We have reviewed the financial statements for the year and that to the best of our knowledge and belief:-
   a. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
   b. These statements give a true and fair view of the state of affairs of the company and the results or operations and cash flows. These statements have been prepared in conformity in all material respects, with the existing generally accepted accounting principles including accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by
   a. The Company during the year, which are fraudulent, illegal and violative of the Company code of conduct.
3. We accept overall responsibility for the Company's internal control system for financial reporting. The Auditors and audit committee are appraised of any corrective action taken with regard to significant deficiencies and material weakness.
4. We indicate to the Auditors and Audit Committee
   a. Any significant changes in internal control over financial reporting during the year.
   b. Significant changes in accounting policies during the year.
   c. Instances of significant fraud of which we have become aware of and which involve management or other employees who have significant role in the company's internal control system over financial reporting.

   However, during the year there were no such instances.

Place: Bangalore
Date: 30th November, 2013

V Ranganathan
Managing Director

Shridhar S Hegde
Whole time Director

CERTIFICATE

AUDITOR'S CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENTS.

To
The Members of
Cerebra Integrated Technologies Limited
Bangalore

I have examined the compliance of the conditions of Corporate Governance by Cerebra Integrated Technologies Limited for the year ended 30th September, 2013 as stipulated in Clause 49 of the Listing Agreement of the said Company with the Bombay Stock Exchange Limited, Mumbai(BSE) in India.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement.

I state that in respect of investors' grievances received during the year ended 30th September, 2013, no investor grievances are pending against the Company as on 30th September, 2013, as per the records maintained by the Registrar and Share Transfer Agent and the Company.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

Place: Bangalore
Date : 30th November, 2013

Vijayakrishna K T
Practicing Company Secretary
FCS-1788
CP-980

Forward looking statement

In this annual report, we have mentioned certain forward looking information to enable investors to comprehend our business model and future prospects and make informed investment decisions. This annual report and other communications from us, oral or written, may include certain forward looking statements that set out certain anticipated results based on management's assumptions and plans. Even though the management believes that they have been prudent in making such assumptions, we cannot guarantee that these forward looking statements will be realized. We undertake no obligation to update forward looking statements. The achievement of results is subject to various risks, known and unknown. We request readers to bear this in mind while reading this report.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CEREBRA INTEGRATED TECHNOLOGIES LIMITED

Report on the Financial Statements

1 We have audited the accompanying financial statements of Cerebra Integrated Technologies Limited ("the Company"), which comprise the Balance Sheet as at September 30, 2013, the Statement of Profit and Loss for the year then ended, Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2 Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6 In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India subject to

a. in the case of the Balance Sheet, of the state of affairs of the Company as at September 30, 2013 and
b. in the case of the Statement of Profit and Loss Account, of the profit for the year ended on that date;
c. In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We invite attention in respect of : (i) Share Application Money and advance to a wholly owned subsidiary amounting to Rs. 6,79,76,747/- (refer Note 2B (k) to account) utilized towards payment of initial deposit for acquisition of a Company which was cancelled subsequently.(ii) Capital advances amounting to Rs. 16,98,48,000 (refer Note 2B (l) and (iii) Trade receivables amounting to Rs 7,54,70,660 (refer Note 2B (m) to accounts) outstanding for substantial period, pending recovery / adjustments. Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

7 As required by the Companies (Auditor's Report) Order, 2003, (the Order) (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.

8. As required by section 227(3) of the Act, we report that:
   a. we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
   b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
   c. the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account
   d. in our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement comply with the Accounting Standards referred to in sub section (3C) of section 211 of the Companies Act, 1956;
   e. On the basis of written representations received from the directors as on September 30, 2013, and taken on record by the Board of Directors, none of the directors are disqualified as on September 30, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

for Ishwar & Gopal,
Chartered Accountants

K. V. Gopalakrishnayya
Partner
Membership No.: 021748
Firm Registration No.: 001154S
Place: Bangalore
Date: 30.11.2013

ANNEXURE TO THE AUDITOR'S REPORT OF EVEN DATE TO THE MEMBERS
CEREBRA INTEGRATED TECHNOLOGIES LIMITED

i. Fixed Assets
   a. The Company has maintained records showing full particulars, including quantitative details and the situation of its fixed assets;
   b. The fixed assets have been physically verified by the management during the year according to a periodical phased program. In our opinion, the frequency of verification of the fixed assets by the management is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanation given to us, no discrepancies noticed have been properly dealt with in the books of account;
   c. During the year, substantial part of the assets has not been disposed off by the Company.

ii. Inventory
   a. According to the information and explanation given to us, the inventory has been verified by the management at reasonable intervals;
   b. In our opinion and according to the information and explanation given to us, the procedures for physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and nature of its business.
   c. According to the information and explanation given to us, the Company has maintained records of inventory. We have been informed that the discrepancies noticed on verification between physical stocks and book stocks were not material and have been dealt with.

iii. a. According to the information and explanation given to us, the Company has granted interest free unsecured advances to four subsidiaries covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved at any time during the year was Rs. 13,21,35,407/- and year end balance was Rs. Rs. 13,21,35,407/-
   b. In our opinion, since there are no terms and conditions for recovery of these advances we are not able to express any opinion as to whether the terms and conditions are not prima facie prejudicial to the interest of the Company
   c. In our opinion, since there are no terms and conditions for recovery of these advances we are not able to express any opinion on regularity of repayment of principal amount.
   d. The Company has not taken any loans from parties covered in the register maintained under Section 301of the Companies Act, 1956. Hence, the requirement of clause 4 (iii) (d) to (g) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company in the year under review

iv In our opinion and according to the information and explanations given to us, the internal control procedures are to be strengthened to make it commensurate with the size of the Company and the nature of its business for the purchase of inventory, fixed assets and with regard to the sale of goods. According to information and explanations given to us, there is no continuing failure to correct major weaknesses in the system.

v a. According to the information and explanations given to us, we are of the opinion that, during the year under audit, the transactions that need to be entered in the register maintained under Sec 301 of the Companies Act, 1956 have been entered.
   b. in our opinion and according to the information and explanations given to us, the transactions made in pursuance of contracts and arrangements entered in the register maintained under section 301 of the Companies Act, 1956 and exceeding the value of Rupees five lakhs in respect of any party during the year have been made at prices which are reasonable having regard to prevailing market prices at the relevant time.

vi. The Company has not accepted any deposits under the provisions of section 58A, 58AA or any other provisions of the Act and the rules framed there under;

vii. In our opinion, the internal audit systems of the Company need to be strengthened to make it commensurate with the size of the Company and the nature of its business.

viii. According to the information and explanations given to us, the Central Government has not prescribed maintenance of cost records under section 209(1) (d) of the Companies act, 1956 for the Company.

ix a. The company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, and Excise Duty applicable to it except for Income Tax and Excise Duty.
   b. The arrears of outstanding statutory dues as at 30.09.2013 for a period more than six months from the date they became payable are given below:

Name of the Statute	Nature of the dues	Amounts in INR	Period to which it relates	Due Date	Date of Payment
Income Tax Act, 1961	Income tax	899,914	2001-02	Various dates	Not paid as on date of the report
Income Tax Act, 1961	Income tax	71,56,121	2012-13	Various dates	Paid as on date of the report
Central Excise Act, 1944	Excise Duty	28,09,259	2002-2003	Various dates	Not paid as on date of the report

c. According to the information and explanation given to us and as per the records of the Company examined by us, there are no disputed amounts of sales tax, income tax, excise duty, service tax, customs duty as at September 30, 2013, which have not been deposited on account of pending dispute

x The accumulated losses at the end of the financial year is less than fifty percent of its net worth. The Company has not incurred cash losses during the financial year under review and the immediately preceding financial year.

xi. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks during the year under review. There are no dues to financial institutions / debenture holders

xii According to the information and explanation given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

xiii In our opinion, the company is not a chit fund or a nidhi/mutual benefit fund/society. Therefore the provisions of clause 4 (xiii) of the companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xiv In our opinion and according to the information and explanations given to us, there were no transactions and contracts in respect of dealing or trading in shares, securities and other investments. Investments have been held by Company in its own name.

xv. According to the information and explanation given to us, the Company has not given guarantee for loans taken by others from banks or financial institutions.

xvi. According to the information and explanation given to us, the Company has not taken any term loan during the year under review

xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, during the year under audit, we report that the funds raised on short term basis have not been used for long term investment. No long term funds have been used to finance short term assets.

xviii. According to the information and explanations given to us, the Company has not made preferential allotment of shares to parties covered in the register maintained under section 301of the Companies Act, 1956. Therefore the provisions of clause 4 (xviii) of the companies (Auditor's Report) Order, 2003 are not applicable to the Company.

xix. According to the information and explanations given to us, Company has not issued debentures.

xx. During the year under review, the Company has not raised money by public issue.

xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

for Ishwar & Gopal,
Chartered Accountants

K. V. Gopalakrishnayya
Partner
Membership No.: 021748
Firm Registration No.: 001154S
Place: Bangalore
Date: 30.11.2013

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

BALANCE SHEET AS AT 30th September 2013

Amount in Rupees

PARTICULARS	Note No	As at 30.9.2013		As at 30.9.2012	
EQUITY AND LIABILITIES					
Shareholders' funds					
a. Share Capital	3	481,028,320		481,028,320	
b. Reserves and Surplus	4	399,527,149		363,802,879	
c. Money received against share warrants		8,668,603	889,224,072	10,873,939	855,705,138
Non-current liabilities					
a. Long Term borrowings	5	7,04,894		1,105,402	
b. Long term provisions	6	21,48,124	2,853,018	2,301,263	3,406,665
Current Liabilities					
a. Trade payables	7	94,071,369		815,650,401	
b. Other Current liabilities	8	10,852,188		10,436,363	
c. Short term provisions	9	9,511,808	114,435,365	5,811,776	831,898,540
TOTAL			**1,006,512,455**		**1,691,010,343**
ASSETS					
Non-current assets					
a. Fixed Assets					
Tangible Assets	10	66,890,788		69,074,956	
b. Non-current investments	11	44,290,417		44,290,373	
c. Long term loans & advances	12	401,626,990		327,004,478	
d. Other non current assets	13	190,100	512,998,295	190,100	440,559,907
Current Assets					
a. Current Investments	14	284,359		31,118,970	
b. Inventories	15	10,087,702		7,234,988	
c. Trade receivables	16	365,565,416		1,027,588,587	
d. Cash & Cash equivalents	17	40,043,668		94,514,666	
e. Short term loans & advances	18	67,833,954		89,375,142	
f. Other Current assets	19	9,699,061	493,514,160	618,083	1,250,450,436
TOTAL			**1,006,512,455**		**1,691,010,343**
Significant accounting policy and additional information	1 & 2				

As per our Report of even date:
For Ishwar & Gopal,
Chartered Accountants

For & on behalf of the Board

K.V.Gopalakrishnayya
Partner
Membership No : 021748
Firm registration No : 001154S

V. Ranganathan
Managing Director

Shridhar.S.Hegde
Whole time Director

Bangalore,
Date : 30th November, 2013

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 30th September 2013

Amount in Rupees

Particulars	Note No.	For the year ended 30-09-2013	For the year ended 30-09-2012
Revenue from operations	20	1,228,370,043	951,272,497
Other Income	21	14,735,014	6,358,037
Total Revenue		1,243,105,057	957,630,534
Expenses:			
Cost of materials consumed	22	696,039	1,919,623
Purchase of Stock-in-Trade	23	1,163,799,766	833,865,913
Changes (Increase) / Decrease in inventories of finished goods, work-in-progress and Stock-in-Trade	24	147,739	(295,477)
Employee benefits expense	25	17,845,377	24,024,554
Financial costs	26	1,188,675	1,039,916
Depreciation and amortization expense	27	2,061,310	2,261,612
Other expenses	28	27,286,892	50,316,082
Total Expenses		1,213,025,798	913,132,223
Profit before tax		30,079,259	44,498,311
Tax expense:			
Current tax		2,903,869	6,194,022
MAT Credit Entitlement (including Rs. 6425363/- (Rs. Nil) related to previous year)		(8,548,880)	-
Profit after Tax for the Year		35,724,270	38,304,289
Earning per equity share of Rs 10/ each			
(1) Basic		0.74	0.94
(2) Diluted		0.74	0.94
Significant accounting policy and additional information	1 & 2		

As per our Report of even date:
For Ishwar & Gopal,
Chartered Accountants

For & on behalf of the Board

K.V.Gopalakrishnayya
Partner
Membership No : 021748
Firm registration No : 001154S

V. Ranganathan
Managing Director

Shridhar.S.Hegde
Whole time Director

Bangalore,
Date : 30th November, 2013

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30th SEPTEMBER 2013

Amount in Rupees

Particulars	2012-13		2011-12	
A. Cashflow from operating activities				
Net Profit before tax and extraordinary items		30,079,259		44,498,311
Adjustments for:				
Depreciation (net)	2,061,310		2,261,612	
Interest expenditure	1,188,675		1,039,916	
Interest income	(1,914,230)		(5,957,182)	
Dividend Income	(634,617)		(159,759)	
Foreign Exchange (gain)/loss	(10,956,455)		3,314,850	
Provision for bad & doubtful debts	-		3,963,181	
Bad debts written off	907,723		2,251,645	
Loss on sale of fixed assets	41,146	(9,306,448)	-	6,714,263
Operating Profit /(Loss) before working capital changes		20,772,811		51,212,574
Adjustment for changes in :				
Increase in Inventories	(2,852,714)		(7,234,988)	
Decrese in Trade & other receivables	681,924,425		(664,901,889)	
Increase in Trade & Other Payable	(721,291,154)		491,273,033	
		(42,219,443)		(180,863,844)
Cash generated from operations		(21,446,631)		(129,651,270)
Income tax paid (net)		804,416		(1,405,723)
Net Cash flow before extraordinary items		(20,642,215)		(131,056,992)
Net cashflow from Operating Activities		**(20,642,215)**		**(131,056,992)**
B. Cash Flow fron Investing activities				
Interest Income	1,382,132		5,957,182	
Dividend income	634,617		159,759	
Investment in Subsidiary	(13,462,456)		-	
Purchase of fixed assets including capital WIP	(8,620,697)		(54,782,864)	
Sale of fixed assets	289,448		-	
Purchase of investments	(44)		(30,159,759)	
Sale of Investments	30,834,611		-	
Net cash used in Investing Activities		**11,057,611**		**(78,825,682)**
C. Cashflow from Financing Activities				
Proceeds from issue of shares	-		38,879,245	
Advance to Subsidiary	(43,263,766)		-	
Share application money received	-		10,873,939	
Share premium received	-		170,336,250	
Issue expenses	-		(8,578,725)	
Increase in borrowings	(433,953)		(214,834)	
Interest paid	(1,188,675)	**(44,886,395)**	(1,039,916)	**210,255,959**
Net Increase / (Decrease) in Cash & Cash equivalants (A+B+C)		**(54,470,998)**		**373,285**
Cash & Cash equivalants				
Opening Balance		94,514,666		94,141,381
Closing Balance		40,043,668		94,514,666
Net Increase / (Decrease) in Cash and Cash equivalents		**(54,470,998)**		**373,285**

As per our Report attached
For Ishwar & Gopal,
Chartered Accountants

For on behalf of the Board

K V Gopalakrishnayya
Partner
M No 21748
Firm Registration No 001154S

V. Ranganathan
Managing Director

Shridhar S Hegde
Whole time Director

Place: Bangalore
Date: 30th November 2013

1. CORPORATE INFORMATION:

Cerebra Integrated Technologies Limited (the Company) was incorporated under the Companies Act, 1956 with registered office at Bangalore, India. The Company is a listed on Bombay Stock Exchange & National Stock Exchange. The Company is primarily engaged in Manufacturing, Trading of Computer Systems and Peripherals. The Company is also in to the business of providing IT services and e-Waste management.

2. A. SIGNIFICANT ACCOUNTING POLICIES:

a) SYSTEM OF ACCOUNTING:

Accounts are prepared on accrual basis under historical cost convention as a going concern and comply with the mandatory Accounting Standards as specified in Companies (Accounting Standards) Rule 2006 prescribed by the Central Government. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b) USE OF ESTIMATES:

The preparation of financial statements in accordance with the generally accepted accounting principles requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimate is recognized in the period in which the estimates are revised and in any future period affected.

c) TANGIBLE ASSETS, INTANGIBLE ASSETS AND CAPITAL WIP:

Fixed assets are stated at historical cost less accumulated depreciation. Costs include expenditure directly attributable to the acquisition of the asset. Borrowing costs directly attributable to the construction or production of qualifying assets are capitalized as part of the cost.

Intangible assets are stated at the consideration paid for acquisition less accumulated amortization.

Cost of fixed assets not ready for use before the balance sheet date is disclosed as capital work-in-progress. Advances paid towards the acquisition of fixed assets outstanding as of each balance sheet date is disclosed under long term loans and advances.

d) DEPRECIATION:

Depreciation has been provided on assets on straight line method in accordance with the provisions of Schedule XIV of the Companies Act, 1956. Depreciation on additions / deletion during the year has been provided for on pro-rata basis. Assets purchased/installed during the year costing less than Rs. 5000/- are fully depreciated.

e) INVESTMENTS:

Long term investments are stated at cost less diminution other than temporary decline in the value of such investments, if any. Current investments are valued at lower of cost and fair value determined by category of investment. The fair value is determined using quoted market price / market observable information adjusted for cost of disposal. On disposal of the investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

f) RETIREMENT AND OTHER TO EMPLOYEE BENEFITS:

i. Short term employee benefits: All employee benefits falling due wholly within twelve months of rendering service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences, etc. and expected cost of bonus, are recognized in the period in which employee renders the related service.

ii. Post employee benefits:

Defined Contribution plans: The state governed provident fund scheme, insurance scheme, and employee pension scheme are defined contribution plans. The contribution paid / payable under the schemes is recognized during the period in which the employee renders the related services.

Defined benefits Plans: The employee gratuity fund schemes, pension scheme and provident fund schemes are defined benefits plans. Wherever applicable, the present value of obligations under defined benefit plans is determined based on actuarial valuation using the project unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up final obligation.

The obligation is measured in the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yield on the Government securities, of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

The obligations for long term employee benefits such as long term compensated absences, etc. is recognized in the similar manner as in the case of defined benefit plans mentioned above.

g) REVENUE RECOGNITION:

i. Sales include applicable excise duty but exclude Sales tax. Income from sales is recognized upon completion of sale. Warranty charges forming part of the sales are not recognized separately and expenditure incurred in this regard is accounted when incurred.

ii. Income from IT services is recognized upon completion of milestones wherever payments are linked to such milestones. In cases where payments are based on completion of each man-hour, man-days, man-month of service rendered, revenue is recognized upon respective completion of the same.

h) INVENTORY:

Inventories are valued at lower of cost or net realizable value. In respect of traded stock cost is computed under first in first out (FIFO) method whereas for raw materials the same is computed under weighted average method.

i) FOREIGN CURRENCY TRANSACTIONS:

The Company is exposed to currency fluctuations on foreign currency transactions. Foreign currency transactions are accounted in the books of account at the exchange rates closely approximating those prevailing on the date of transaction.

The difference between the rate at which foreign currency transactions are accounted and the rate at which they are realized is recognized in the statement of profit and loss.

Monetary foreign currency assets and liabilities at period end are restated at the closing rate. The difference arising from the restatement is recognized in the statement of profit and loss.

j) ACCOUNTING FOR CLAIMS & CONTINGENCIES:

All known liabilities of material value have been provided for in the accounts except liabilities of contingent in nature, which have been disclosed at their estimated value in the notes to account in accordance with accounting standard (AS 29). As regards provisions, it is only that obligation arising from past events existing independently of enterprise's future actions that are recognized as provisions. Contingent liabilities are not recognized but are disclosed in the additional information. Contingent assets are neither recognized nor disclosed in the financial statement.

k) IMPAIRMENT OF ASSETS:

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss. The amount of loss for short-term receivables is measured as the difference between the assets carrying amount and undiscounted amount of future cash flows. Reduction, if any, is recognized in the statement of profit and loss. If at the balance sheet date there is any indication that if a previously assessed impairment loss no longer exists, the recognized impairment loss is reversed, subject to maximum of initial carrying amount of the short-term receivable.

Reversal of impairment loss is recognized immediately as income in the statement of profit and loss.

l) EARNINGS PER SHARE

Basic Earnings per share are calculated by dividing net profit or loss for the year attributable to equity share holders (after deducting attributable taxes and dividend on cumulative preference shares for the year) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

m) Taxes:

Income tax:

The current charge for income taxes is calculated in accordance with the relevant tax regulations. Tax liability for domestic taxes has been computed after considering Minimum Alternate Tax (MAT). The excess tax paid under MAT provisions being over and above regular tax liability can be carried forward and set off against future tax liabilities computed under regular tax provisions. Accordingly, MAT credit has been recognized, wherever applicable on the balance sheet which can be carried forward from the year of recognition.

Deferred tax:

Deferred tax assets are not recognized as there is no reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The company has not recognized net deferred tax asset on a conservative basis, in the view of prudence.

n) CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts and payments. The cash flows from regular revenue generating, financing, and investing activities of the company are segregated.

B. ADDITIONAL INFORMATION:
(Amounts are in INR unless otherwise stated)

a) Employee benefits:

i. Gratuity

Change in present value obligation:

Particulars	**30-09-2012**	**30-09-2013**
Present value of funded obligation	0	0
Fair value of plan asset	0	0
Present value of unfunded obligation	22,10,150	21,52,492
Unrecognized past service cost	0	0
Amount not recognized as an asset	0	0
Net liability	**22,10,150**	**21,52,492**
Amounts in balance sheet		
Liability	22,10,150	21,52,492
Asset	0	0
Net liability is bifurcated as follows		
Current liability	96,932	1,01,151
Non- current liability	21,13,218	20,51,341
Net Liability	**22,10,150**	**21,52,492**
Expense recognized in the statement of profit and loss		
Current service cost	217,993	250,728
Interest on Defined Benefit Obligation	109,278	200,230
Expected Return on Plan Assets	0	0
Net Actuarial Losses / (Gains) Recognized in Year	764,542	(508,616)
Past Service Cost	0	0
Losses / (Gains) on Curtailments & Settlements	0	0
Losses / (Gains) on Acquisition / Divestiture	0	0
Effect of the limit in Para 59(b)	0	0
Expense recognized in the statement of profit and loss	**10,91,813**	**(57,658)**

	Year Ended	
	30-Sep-12	**30-Sep-13**
	(in `)	
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	**1,118,337**	**2,210,150**
Current Service Cost	217,993	250,728
Interest Cost	109,278	200,230
Actuarial Losses / (Gain)	764,542	(508,616)
Past Service Cost	0	0
Actuarial Losses / (Gain) due to Curtailment	0	0
Liabilities Extinguished on Settlements	0	0
Liabilities Assumed on Acquisition / (Settled on Divestiture)	0	0
Exchange Difference on Foreign Plans	0	0
Benefits Paid	0	0
Closing Defined Benefit Obligation	**2,210,150**	**2,152,492**
Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	**0**	**0**
Expected Return on Plan Assets	0	0
Actuarial Gain / (Losses)	0	0
Assets Distributed on Settlements	0	0
Contributions by Employer	0	0
Assets Acquired on Acquisition / (Distributed on Divestiture)	0	0
Exchange Difference on Foreign Plans	0	0
Benefits Paid	0	0
Closing Fair Value of Plan Assets	**0**	**0**
Expected Employer's Contribution Next Year	96,932	101,151

FINANCIAL ASSUMPTIONS AT THE VALUATION DATE:

	Year Ended	
	30-Sep-12	30-Sep-13
Discount Rate (p.a.)	8.30%	9.20%
Expected Rate of Return on Assets (p.a.)	0.00%	0.00%
Salary Escalation Rate (p.a.)	7.00%	7.00%

ii. Leave salary:

Particulars	30-09-2012	30-09-2013
Present value of funded obligation	0	0
Fair value of plan asset	0	0
Present value of unfunded obligation	2,18,057	1,11,829
Amounts in balance sheet		
Liability	2,18,057	1,11,829
Asset	0	0
Net liability is bifurcated as follows		
Current liability	30,012	15,046
Non- current liability	1,88,045	96,783
Net Liability	**2,18,057**	**1,11,829**

Financial Assumptions:

Particulars	30-09-2012	30-09-2013
Discounting rate	8.30%	9.20%
Salary escalation rate	7.00%	7.00%

Demographic assumptions:

Retirement age	58 years
Mortality table	LIC(1994-96) mortality table
Leaving service rates	
Age(years)	**Rates**
21-30	15%
31-34	10%
35-44	5%
45-50	3%
51-54	2%
55-57	1%

b) Value of Imports on CIF basis

Raw materials - Rs 56,96,795/- (PY-Rs 8,53,130)

c) Earnings in foreign exchange (FOB):

Export sales- Software - Rs 2,92,09,129/- (PY-Rs 8,40,82,725)

Export sales- Hardware - Rs 1,62,816/-(PY- Rs 4,04,827)

d) Expenditure in foreign currency:

Foreign travel Rs 7,71,370/- (PY-Rs 2,41,000)

Others - Rs 11,33,296/- (PY- Rs1,59,000)

e) Earnings per share

Sl. No	Particulars	30-09-2012	30-09-2013
1	Profit after tax considered for calculation of basic and diluted earnings per share	38,304,289	35,724,270
2	Weighted average number of equity shares considered for calculation of basic earnings per share	40,799,440	48,092,682
3	Weighted average number of equity shares considered for calculation of diluted earnings per share	40,906,434	48,092,682
4	Earnings per share- Basic	0.94	0.74
5	Earnings per share- Diluted	0.94	0.74

f) Directors Remuneration:	30-09-2012	30-09-2013
Salary	48,00,000	48,00,000
Contribution to Provident Fund	2,62,030	2,62,030
Total	**50,62,030**	**50,62,030**

g) Due to Micro, small & medium enterprises

As per the records maintained by the company there are no dues to the Micro, small & medium enterprises as on the date of balance sheet.

h) Related Party Disclosure

Cerebra LPO India Limited	Subsidiary
Cerebra Middle East FZCO	Subsidiary
Cerebra e-Waste Recovery Pte Limited Singapore	Subsidiary
Geeta Monitors Private Limited	Subsidiary
Kranion technologies Private Limited	Associate Company

Key Management Personnel

Name	Designation
V Ranganathan	Managing Director
K Gururaj Upadya	Director
P Vishwamurthy	Director
Shridhar S Hegde	Whole time Director
P Bharath	Chief Operating Officer, Managing Director of Kranion technologies

i) The Company has the following Transactions with related parties:

Transactions during the year

Particulars	30-09-2012	30-09-2013
i. Cerebra LPO India Limited		
- Sales	1,944	0
ii. Cerebra Ewaste Recovery Pte Limited Singapore		
Investment made during the year		44
Share application money / advance given	0	6,79,76,747
iii. V Ranganathan		
Remuneration paid	13,15,000	13,15,000
iv. Gururaj K Upadya		
Remuneration paid	13,15,000	13,15,000
v. P Vishwamurthy		
Remuneration paid	13,15,000	13,15,000
vi. Shridhar S Hegde		
Remuneration paid	13,15,000	13,15,000

Balances with related parties:

Particulars	2011-12	2012-13
i. Cerebra LPO India Limited		
- Balance Receivable	3,63,79,201	4,45,62,599
ii. Cerebra Middle East FZCO		
- Balance Receivable	3,90,29,983	1,95,96,059
iii. Geeta Monitors Private Limited		
- Balance Receivable	40,91,021	38,52,169
- Balance Payable	2,25,41,250	29,56,022
iv. Cerebra Ewaste Recovery Pte Limited Singapore		
- Balance Receivable	0	6,79,76,747

j) Lease hold land amounting Rs 5,06,39,394/- (Previous Year Rs 5,06,39,394/-) includes 48,564 sq .mts of land at Narasapura Industrial Area, Kolar Taluk, Kolar District allotted by Karnataka Industrial Area Development Board (KIADB) on lease cum sale basis for setting up an e-waste recycling plant within a specified period. As per the lease cum sale agreement , KIADB has got the right to determine the lease and forfeit up to 25% of the consideration paid/ enhance the compensation payable if the Company fails to set up the plant within the specified period .

k) Share application money amounting Rs 1,34,62,456 (Previous year Nil) and advance to a Subsidiary amounting Rs 5,45,14,291 (Previous Year Rs Nil) relates to remittance made to Cerebra E waste recovery Pte Limited. As per the Share Purchase Agreement (SPA) entered between the Company and Enviro–Hub Holdings Limited Singapore (Enviro) the subsidiary Company remitted US$ 12,50,000 equivalent to Rs 6,79,76,747 (Previous Year Nil) to Enviro on 25th January 2013 as initial deposit towards acquisition of 100% shares of Enviro's wholly owned subsidiary Cimelia Resource Recovery Pte Limited (Cimelia), a Company in the field of e waste recycling business. However during July 2013 based on the advice given by the consultants and advisors the Company decided to abort the acquisition proposal the acquisition. The Company is negotiating with Enviro seeking refund the initial deposit and is confident of amicable settlement of the matter. Considering the opinion of the consultants no provision is made in the accounts towards this advance.

l) Capital advance includes :

(i) Rs. 4,02,50,000 (Previous Year Rs 4,02,50,000) was advanced to Cimelia Resource Recovery Pte Limited Singapore (Cimelia) on 24th May 2011 towards technology fee. The payment is made by allotting 23,00,000 equity shares of the Company at a premium of Rs 7.50 Per share.

(ii) Rs. 6,30,00,000 (Previous Year Rs. 6,30,00,000) was advanced to Scenic Overseas (S) Pte Limited (Scenic) on 24th May 2011 towards supply of plant and machinery for e waste recycling plant in India. The payment is made by allotting 36,00,000 equity shares of the Company at a premium of Rs 7.50 Per share.

(iii) Rs. 5,77,50,000 (Previous Year Rs. 5,77,50,000–) was advanced to Leytron Technology Pte Limited (Leytron) on 24th May 2011 towards installation and commissioning of the above plant. The payment is made by allotting 33,00,000 equity shares of the Company at a premium of Rs 7.50 Per share.

All the above allotments were made based on the approvals obtained from the FIPB, Government of India, and the Bombay Stock Exchange Ltd, Mumbai. On signing the SPA, Scenic and Leytron have agreed to return the shares allotted to them and authorized the Company to do the needful to set off against the advance amount. The Company is expecting the refund of advance by Cimelia either by cash or by transfer of shares. Hence no provision is made in the accounts.

(iv) Rs 88,48,000 –(Previous Year Rs. 88,48,000) represents balance in advance account from Scenic. US $ 2,25,000 was advanced to Scenic on 24th May 2011 towards supply of plant and machinery against which mobile shredder valued US $ 25,000 was supplied by them so far.

m) Trade Receivables include Rs. 7,54,70,660/- (Previous Year Rs 7,51,44,470/-) outstanding against export of software products for substantial period. The customer has promised to remit the entire dues before 31st March 2014 and hence no provision is made.

Balances of Sundry Debtors, Advances given to parties, Sundry Creditors and advances received from parties are subject to confirmation.

n) Details of non-resident share holders:

Sl. No	Particulars	2011-12	2012-13
i	Number of non-resident share holders	34	33
ii	Number of shares held by non-resident shareholders	95,22,865	96,93,891
iii	Amount remitted during the year in foreign currency on account of dividends	Nil	Nil

o) OPERATING LEASES:
The Company has taken various residential / commercial premises under cancelable operating leases. These lease agreements are normally renewed on expiry.

The lease agreements provide an option to the Company to renew the lease period at the end of the non-cancelable period. There are no exceptional / restrictive covenants in the lease agreements.

Contingent rent recognized in the Profit & Loss Account Nil

Obligation under Leases

Particulars	**Year ended 30th September 2013**	**Year ended 30th September 2012**
Lease rentals recognized during the year	20,73,700	25,08,150
Lease obligations payable:		
Within one year of the Balance Sheet date	5,29,596	20,73,700
Due in a period between one year and five years	23,96,750	29,26,346
Due after five years	Nil	Nil

The operating lease arrangements are renewable on a periodic basis. Some of these lease agreements have price escalation clauses.

p) Previous year figures have been regrouped and reclassified wherever necessary to confirm to current year's presentation.

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 30th September 2013

Amount in Rupees

Note No.	Particulars	As at 30-09-2013		As at 30-09-2012	
3	**Share Capital**	Number	Amount in INR	Number	Amount in INR
	Authorised				
	a. Equity Shares	50,200,000	502,000,000	50,200,000	502,000,000
	b. **Issued**				
	Equity Shares	48,092,682	480,926,820	48,092,682	480,926,820
	Subscribed and fully paid up				
	Equity Shares	48,092,682	480,926,820	48,092,682	480,926,820
	Add: Forfeited Shares-originally paid for 20300 shares		101,500		101,500
	Total		**481,028,320**		**481,028,320**

c. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Particulars	Number	Amount in INR	Number	Amount in INR
Equity Shares				
Oustanding at the beginning of the period	48,092,682	480,926,820	36,871,182	368,711,820
Issued during the period	-	-	11,221,500	112,215,000
Outstanding at the end of the period	48,092,682	480,926,820	48,092,682	480,926,820

d Terms / Rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of an equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of share holders in the Annual General Meeting.

During the year, the Company has not declared any dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of shares held by the equity share holders.

e. Out of the total issued and paid up capital 92,16,153 (92,16,153) equity shares of Rs 10/ each have been allotted as fully paid up pursuant to a contract without paying received in cash.

f. Shares held by each shareholder holding more than 5 percent shares specifying the number of shares held

Name of the Shareholder	No. of shares held	% of holding	No. of shares held	% of holding
Scenic Overseas (S) Pte. Ltd. Singapore	3,600,000	7.49	3,600,000	7.49
Leytron Technology Pte. Ltd. Singapore	3,300,000	6.86	3,300,000	6.86
LPP Developers Private Limited	2,700,000	5.61	2,700,000	5.61
Kalisp Realty Private Limited	-	-	2,500,000	5.20

4	**RESERVES & SURPLUS**			
	Capital Reserve			
	Balance as per last financial statement	14,008,622	1,143,412	
	Add : Forfeiture of warrant application money received	-	12,865,210	
	Balance as at the end of the year	14,008,622		14,008,622
	Securities Premium Account			
	Balance as per last financial statement	563,652,876	401,895,351	
	Add: Received during the year	-	170,336,250	
	Less: Issue expenses	-	(8,578,725)	
	Balance as at the end of the year	563,652,876		563,652,876
	Surplus / (Deficit) in Statement of Profit & Loss			
	Balance as per last financial statement	(213,858,619)	(252,162,908)	
	Profit for the year	35,724,270	38,304,289	
	Net surplus / (Deficit) in statement of Profit & Loss	(178,134,349)		(213,858,619)
	Total Reserves & Surplus	399,527,149		363,802,879

NOTES TO THE FINANCIAL STATEMENTS AS AT 30th September 2013

Amount in Rupees

Note No.	Particulars	As at 30-09-2013		As at 30-09-2012	
5	**LONG TERM BORROWINGS**				
	Term Loans				
	- From Banks - Secured		980,758		1,414,711
	Less: Instalments of term loan payable within a year considered as current liabilities		275,864		309,309
	Net Long term borrowings		704,894		1,105,402
	Term loan from banks is secured by hypothecation of vehicles				
	Schedule of repayment of loan is as under				
	Year	**Amount in INR**			
	2013-14	275,864			
	2014-15	295,473			
	2015-16	239,748			
	2016-17	169,673			
6	**LONG TERM PROVISIONS**				
	Provision for Gratuity		2,051,341		2,113,218
	Provision for Leave Benefits		96,783		188,045
			2,148,124		2,301,263
7	**TRADE PAYABLES**				
	Due to Micro, Small and Medium Enterprises				
	Due to other than Micro, Small and Medium Enterprises		91,115,347		815,209,860
	Dues to a Subsidiary		2,956,022		440,541
			94,071,369		815,650,401
8	**OTHER CURRENT LIABILITIES**				
	Current maturities of long term debts		275,864		309,309
	Advances from Customers		779,270		219,935
	Statutory Liabilities		4,522,782		3,594,926
	Liabilities for expenses		5,274,272		6,312,193
			10,852,188		10,436,363
9	**SHORT TERM PROVISIONS**				
	Provision for				
	- Bonus		115,973		113,479
	- Gratuity		101,151		96,932
	- Leave Benefits		15,046		30,012
	- Income Tax (Net of advance Tax)		9,279,638		5,571,353
			9,511,808		5,811,776
11	**NON CURRENT INVESTMENTS**				
	a. Investment in subsidiaries				
	Cerebra LPO India Limited				
	35000 (35000) Equity Shares of Rs. 10 each		350,000		350,000
	Geeta Monitors Private Limited				
	25,49,975 (25,49,975) Equity Shares of Rs. 10 each		42,839,580		42,839,580
	Cerebra Middle East FZCO				
	9 (9) Shares of par value AED 10,000 each		1,100,793		1,100,793
	Cerebra E-waste Recovery Pte Ltd. Singapore				
	1 (nil) Share at Par value of SGD 1		44		-
	b. Investment in other equity instruments				
	Sankhya Infotech Limited				
	200 (200) Equity Shares of Rs. 10 each	2,000		2,000	
	Less : Provision for dimunition	2,000	-	2,000	-
			44,290,417		44,290,373

Note No. 10

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 01.10.12	Additions	Deletions	As at 30.09.2013	As at 1.10.2012	for the year	Deletions	As at 30.09.2013	As on 30.09.2013	As on 01.10.2012
	Tangible assets										
i	Land	200,900	-	-	200,900	-	-		-	200,900	200,900
ii	Lease hold land	50,639,394	-	-	50,639,394	-	-	-	-	50,639,394	50,639,394
iii	Factory Building	4,638,187	-	-	4,638,187	1,786,550	154,915	-	1,941,465	2,696,722	2,851,637
iv	Plant & Machinery	25,673,768	207,736	-	25,881,504	16,596,165	1,191,718	-	17,787,883	8,093,621	9,077,603
v	Computer/Printers/Software	9,683,536	-	-	9,683,536	8,424,911	243,008		8,667,919	1,015,617	1,258,625
vi	Vehicles	2,676,766	-	425,080	2,251,686	828,417	208,067	94,486	941,998	1,309,688	1,848,349
vii	Furniture & Fixtures	4,660,851	-	-	4,660,851	2,869,282	144,503		3,013,785	1,647,066	1,791,569
viii	Electrical Installations	1,641,031		-	1,641,031	234,152	119,098	-	353,250	1,287,781	1,406,879
	TOTAL	99,814,433	207,736	425,080	99,597,089	30,739,477	2,061,310	94,486	32,706,301	66,890,788	69,074,956
	Previous year	45,031,569	54,782,864	-	99,814,433	28,477,865	2,261,612	-	30,739,477	69,074,956	

NOTES TO THE FINANCIAL STATEMENTS AS AT 30th September 2013

Amount in Rupees

Note No.	Particulars		As at 30-09-2013		As at 30-09-2012
12	**LONG TERM LOANS AND ADVANCES**				
	Capital Advances		288,979,006		280,566,045
	Advance to a Subsidiary		54,514,291		-
	Share Application Money Pending Allotment		13,462,456		-
	Security Deposits Considered Good		4,074,360		5,841,556
	Other Loans & Advances		40,596,877		40,596,877
			401,626,990		327,004,478
13	**OTHER NON CURRENT ASSETS**				
	Others		190,100		190,100
			190,100		190,100
14	**CURRENT INVESTMENTS**				
	Investments in Mutual Funds (Quoted)				
	LIC MF Savings Plus Fund				
	25,135.226 (25,135.226) units of Rs. 10.0118		284,359		268,171
	Reliance Liquid Fund				
	(Nil) 18,568.518 units of 15.2874		-		30,395,951
	UTI Money Market Mutual Fund				
	(Nil) 422.268 units of Rs. 10.03		-		454,848
	Basis of Valuation Lower of cost or market value		284,359		31,118,970
	Aggregate Net Asset Value of NAV of investment in Mutual Funds		284,431		31,118,970
15	**INVENTORIES**				
	Raw Materials		9,939,963		6,939,511
	Stock in Trade		147,739		295,477
			10,087,702		7,234,988
16	**TRADE RECEIVABLES**				
	[Unsecured]				
	Aggregate amount of Trade Receivables outstanding for a period exceeding six months from the date they are due for payment				
	Considered Good	226,613,658		526,550,676	
	Considered Doubtful	-		3,963,181	
		226,613,658		530,513,857	
	less: Provision for doubtful debts	-	226,613,658	(3,963,181)	526,550,676
	Others		138,951,758		501,037,911
			365,565,416		1,027,588,587
17	**CASH AND CASH EQUIVALENTS**				
	Cash in Hand		193,081		351,216
	Foreign Currency on hand		158,712		159,740
	Cheques in Hand		24,896,066		-
	Balance with banks				
	- in Current Account		6,816,939		81,607,318
	- in Deposit Account		875,682		5,293,204
	- in Margin deposit Account		7,103,188		7,103,188
			40,043,668		94,514,666

NOTES TO THE FINANCIAL STATEMENTS AS AT 30th September 2013

Amount in Rupees

Note No.	Particulars	As at 30-09-2013	As at 30-09-2012
18	**SHORT TERM LOANS AND ADVANCES**		
	[Considered Good]		
	Advance to Subsidiaries	64,158,659	75,409,185
	Other Loans & Advances	-	2,059,692
	Prepaid Expenses	384,613	290,500
	Advance to Suppliers	69,961	11,149,227
	Balance with statutory / Government authorities	3,207,703	393,869
	Advance to employees	13,018	72,669
		67,833,954	89,375,142
19	**OTHER CURRENT ASSETS**		
	MAT Credit Entitlement	8,548,880	-
	Interest accrued but not due on deposits	1,150,181	618,083
		9,699,061	618,083
	CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)		
	Guarantees		
	Counter guarantee given to the bankers for guarantees issued	7,103,188	7,103,188
	COMMITMENTS		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	6,676,984	6,676,984

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th September 2013

Amount in Rupees

Note No.	Particulars	For the year ended 30-09-2013	For the year ended 30-09-2012
20	**Revenue from Operations**		
	Sale of Products	1,195,400,782	858,680,200
	Sale of Services	34,450,039	92,592,297
	Revenue from operations (Gross)	1,229,850,821	951,272,497
	Less: Excise Duty	1,480,778	-
	Revenue from operations (Net)	1,228,370,043	951,272,497
	Details of Sales (Net)		
	Revenue from Trading of Computers & Accessories	1,192,723,791	854,311,950
	Sale of refurbished e-Waste	1,226,324	4,368,250
		1,193,950,115	858,680,200
	Details of Services Rendered (Net)		
	Sale of Software Services	34,419,928	92,592,297
		34,419,928	92,592,297
21	**Other Income**		
	Interest on Bank Deposits	1,914,230	5,957,182
	Dividend on Current Investments	634,617	159,759
	Net gain on foreign currency transaction and translation	10,956,455	-
	Excess Provision / (Unclaimed Credit) Withdrawn	817,328	1,241
	Others	412,384	239,855
		14,735,014	6,358,037
22	**Cost of materials consumed**		
	Opening stock	6,939,511	-
	Add: Purchase during the period	3,696,491	8,859,134
		10,636,002	8,859,134
	Less: Closing stock	9,939,963	6,939,511
	Consumption	696,039	1,919,623
23	**Purchase of Stock-in-Trade**		
	Purchase of Goods	1,163,799,766	833,865,913
		1,163,799,766	833,865,913
24	**Changes (Increase) / Decrease in inventories of finished goods, work-in-progress and Stock-in-Trade**		
	Opening stock of Traded Goods	295,477	-
	Less: Closing stock of Traded Goods	147,739	295,477
	Changes (Increase) / Decrease in inventories of finished goods, work-in-progress and Stock-in-Trade	147,739	(295,477)
25	**Employee Benefit Expenses**		
	Salaries and Wages	16,503,932	22,482,462
	Contribution to Provident & Other Funds	864,603	1,055,512
	Staff Welfare expenses	476,842	486,580
		17,845,377	24,024,554
26	**Financial Costs**		
	Interest Expense	145,741	345,322
	Interest on Income Tax	712,067	-
	Other Borrowing Costs	330,867	694,594
		1,188,675	1,039,916

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th September 2013

Amount in Rupees

Note No.	Particulars		For the year ended 30-09-2013		For the year ended 30-09-2012
27	**Depreciation and amortisation expenses**				
	Depreciation of tangible assets		2,061,310		2,261,612
			2,061,310		2,261,612
28	**Other Expenses**				
	Consumables		10,910		10,142
	Power and Fuel		382,224		437,302
	Rent		2,073,700		2,508,150
	Repairs to Machinery		246,735		122,367
	Donation		321,300		-
	Repairs to Others		36,347		20,637
	Insurance		39,970		112,116
	Rates & Taxes, excluding taxes on income		197,109		1,046,445
	Remuneration to Auditors		245,484		236,702
	Professional Charges		13,016,154		15,509,213
	Freight & Forwarding		521,510		445,971
	Provision for Doubtful debts / advances		-		3,963,181
	Bad Debts written off	4,870,904		2,251,645	
	Less: Provision for doubtful debts withdrawn	3,963,181	907,723	-	2,251,645
	Travelling and Conveyance		2,762,343		1,513,810
	Communication expenses		362,529		195,461
	Labour Charges		149,816		782,536
	Advertisement		3,629,115		15,089,578
	Net loss on foreign currency transaction and translation		-		3,428,961
	Brokerage & commission		1,406,332		1,557,251
	Printing & Stationery		124,590		121,328
	Loss on sale of fixed assets		41,146		-
	Miscellaneous		811,855		963,287
			27,286,892		50,316,082
	Remuneration to Auditor				
	Audit fees		125,000		125,000
	Tax Audit fees		50,000		50,000
	Certification		50,000		50,000
	Reimbursement of expenses		20,484		11,702
			245,484		236,702

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF CEREBRA INTEGRATED TECHNOLOGIES LIMITED

Report on the Financial Statements

1 We have audited the accompanying consolidated financial statements of **CEREBRA INTEGRATED TECHNOLOGIES LIMITED** ("the Company"), and its subsidiaries (collectively referred to as "the group") which comprise the Consolidated Balance Sheet as at September 30, 2013, the Consolidated Statement of Profit and Loss for the year then ended, Consolidated Cash Flow Statement for the year ended on that date and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2 Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the financial position, financial performance and cash flows of the group in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3 Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

5 We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

6 In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India subject to

a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at September 30, 2013 and
b. in the case of the Consolidated Statement of Profit and Loss Account, of the profit for the year ended on that date;
c. In the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention:

Long term advances include Rs. 6,79,76,747/- advances due from a Company which have not been recovered / adusted (refer note no. 2(i),

Capital advances include Rs. 16,98,48,000/- which has not been recovered / adjusted (refer note no 2 (j).

Trade receivables include Rs.14,65,56,431/- outstanding against export of software products and legal process outsourcing services for substantial period, against which no provision has been made (refer note no 2 (k).

Other Matters

We have relied on the unaudited financial statements of 3 subsidiaries, whose financial statement reflect total assets (net) of Rs. 40,93,74,469 as at 30th September, 2013, total net revenues of Rs. 1,05,18,69,538/- for the year then ended. These unaudited financial statements as approved by the respective Board of directors of these Companies have been furnished to us by the management and our report in so far as it relates to the amounts included in respect of the subsidiary, is based solely on such approved unaudited financial statements.

Our opinion is not qualified in respect of emphasis of matter and other matters

for Ishwar & Gopal,
Chartered Accountants

K. V. Gopalakrishnayya
Partner
Membership No.: 021748
Firm Registration No.: 001154S
Place: Bangalore
Date: 30.11.2013

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

CONSOLIDATED BALANCE SHEET AS AT 30th September 2013

Amount in Rupees

PARTICULARS	Note No	As at 30.9.2013		As at 30.9.2012	
EQUITY AND LIABILITIES					
Shareholders' funds					
a. Share Capital	3	481,028,320		481,028,320	
b. Reserves and Surplus	4	420,787,102		360,910,473	
c. Money received against share warrants		8,668,603	910,484,025	10,873,939	852,812,732
Minority Interest			52,136,661		50,127,520
Non-current liabilities					
a. Long Term borrowings	5	12,036,057		11,048,634	
b. Deferred tax liabilities (Net)	6	709,237		1,569,147	
c. Long term provisions	7	2,461,020	15,206,314	2,784,283	15,402,064
Current Liabilities					
a. Short term borrowings	8	36,163,977		36,189,301	
b. Trade payables	9	223,751,063		903,574,547	
c. Other Current liabilities	10	51,594,810		14,473,625	
d. Short term provisions	11	21,996,956	333,506,806	13,367,299	967,604,772
TOTAL			**1,311,333,806**		**1,885,947,088**
ASSETS					
Non-current assets					
a. Fixed Assets					
i. Tangible Assets	12	86,764,168		98,996,234	
ii. Intangible Assets	13	-		78,119	
b. Non-current investments	14	6,670		6,670	
c. Long term loans & advances	15	404,264,395		329,024,674	
d. Other non current assets	16	190,100	491,225,333	190,100	428,295,797
Current Assets					
a. Current Investments	17	284,359		31,118,970	
b. Inventories	18	137,364,748		117,764,059	
c. Trade receivables	19	603,093,789		1,178,400,706	
d. Cash & Cash equivalents	20	55,882,596		109,166,991	
e. Short term loans & advances	21	10,583,974		20,132,481	
f. Other Current assets	22	12,899,007	820,108,473	1,068,084	1,457,651,291
TOTAL			**1,311,333,806**		**1,885,947,088**
Significant accounting policy and additional information	1 & 2				

As per our Report of even date:
For Ishwar & Gopal,
Chartered Accountants

For & on behalf of the Board

K.V.Gopalakrishnayya
Partner
Membership No : 021748
Firm registration No : 001154S
Bangalore,
Date : 30th November, 2013

V. Ranganathan
Managing Director

Shridhar.S.Hegde
Wholetime Director

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

Consolidated Statement of Profit and Loss Account for the year ended 30th September 2013

Amount in Rupees

Particulars	Note No,	for the year ended 30-09-2013		for the year ended 30-09-2012	
Revenue from operations	23		2,307,445,434		1,627,600,276
Other Income	24		13,065,498		8,301,793
Total Revenue			2,320,510,932		1,635,902,069
Expenses:					
Cost of materials consumed	25		696,039		1,919,623
Purchase of Stock-in-Trade	26		2,133,752,008		1,423,157,888
Changes (Increase) / Decrease in inventories of finished goods, work-in-progress and Stock-in-Trade	27		(16,600,237)		(295,477)
Employee benefits expense	28		61,379,295		57,256,371
Financial costs	29		11,681,173		9,605,120
Depreciation and amortization expense	30		11,530,863		7,807,304
Other expenses	31		59,093,408		88,591,329
Total Expenses			2,261,532,548		1,588,042,159
Profit before tax			58,978,384		47,859,910
Tax expense / (credit)					
Current tax			12,746,265		12,269,161
MAT Credit Entitlement (including Rs.6425363/- (Rs. Nil) related to previous year)			(8,548,880)		
Deferred Tax expense			(859,910)		888,369
Total			**3,337,475**		**13,157,530**
Profit after Tax for the year			55,640,909		34,702,380
Less: Minority Interest			2,009,142		4,895,675
Profit for the Year			53,631,767		29,806,705
Earning per equity share:					
(1) Basic			1.12		0.73
(2) Diluted			1.12		0.73

As per our Report of even date:
For Ishwar & Gopal,
Chartered Accountants

For & on behalf of the Board

K.V.Gopalakrishnayya
Partner
Membership No : 021748
Firm registration No : 001154S
Bangalore,
Date : 30-11-2013

V. Ranganathan
Managing Director

Shridhar.S.Hegde
Wholetime Director

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30th September 2013

Amount in Rupees

Particulars		2012-13		2011-12
A. Cashflow from operating activities				
Net Profit before tax and minority interest		58,978,383		47,859,910
Adjustments for:				
Depreciation (net)	11,530,863		7,807,304	
Interest expenditure	11,681,173		9,605,120	
Interest income	(1,947,445)		(6,413,974)	
Dividend Income	(634,617)		(159,759)	
Foreign Exchange (gain)/loss	(8,618,295)		3,316,443	
Loss on sale of fixed assets	41,146	12,052,823		14,155,135
Operating Profit /(Loss) before working capital changes		71,031,207		62,015,045
Adjustment for changes in :				
Increase in Inventories	(19,600,689)		(19,187,059)	
Decrese in Trade & other receivables	596,555,929		(652,013,031)	
Increase in Trade & Other Payable	(644,267,001)		511,771,033	
		(67,311,761)		(159,429,058)
Cash generated from operations		3,719,445		(97,414,013)
Income tax paid (net)		(8,101,771)		(5,622,624)
Net Cash flow before extraordinary items		(4,382,326)		(103,036,636)
Net cashflow from Operating Activities		**(4,382,326)**		**(103,036,636)**
B. Cash Flow fron Investing activities				
Interest Income	1,415,347		6,413,974	
Dividend income	634,617		159,759	
Purchase of fixed assets including capital WIP	(79,168,437)		(80,934,298)	
Sale of fixed assets	1,889,448		-	
Sale of Investments	30,834,611		-	
Purchase of investments	-		(30,159,759)	
Net cash used in Investing Activities		**(44,394,414)**		**(104,520,324)**
C. Cashflow from Financing Activities				-
Proceeds from issue of shares			38,879,245	
Share application money received			10,873,939	
Share premium received			170,336,250	
Issue expenses			(8,578,725)	
Foreign Currency Translation	6,244,862		1,270,332	
Increase in borrowings	928,655		14,061,944	
Interest paid	(11,681,173)	**(4,507,655)**	(9,605,120)	**217,237,865**
Net Increase / (Decrease) in Cash & Cash equivalants (A+B+C)		**(53,284,395)**		**9,680,905**
Cash & Cash equivalants				
Opening Balance		109,166,991		99,486,086
Closing Balance		55,882,596		109,166,991
Net Increase / (Decrease) in cash and cash equivalents		**(53,284,395)**		**9,680,905**

As per our Audit Report of Even Date
for Ishwar & Gopal
Chartered Accountants

for and on behalf of the Board of Directors

K V Gopalakrishnayya
Partner
M No 21748
Firm Registration No 001154S

V. Ranganathan
Managing Director

Shridhar S Hegde
Whole time Director

Place: Bangalore
Date:30th November 2013

1. SIGNIFICANT ACCOUNTING POLICIES:

a) SYSTEM OF ACCOUNTING:

Accounts are prepared on accrual basis under historical cost convention as a going concern and comply with the mandatory Accounting Standards as specified in Companies (Accounting Standards) Rule 2006 prescribed by the Central Government. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b) PRINCIPLES OF CONSOLIDATION:

The consolidated financial statements have been prepared on the following basis:

i. The consolidated financial statements include the financial statements of Cerebra Integrated Technologies Ltd and all its subsidiaries, which are more than 50% owned or controlled. The financial statements of the Parent Company and its majority owned / controlled subsidiaries have been combined on a line by line basis by adding together the book values of all items of assets, liabilities, incomes and expenses after eliminating all inter-Company balances / transactions and resulting unrealized gain / loss.

ii. The consolidated financial statements include the share of profit / loss of associate companies, which are accounted under the 'Equity method', wherein, the share of profit / loss of the associate Company has been added / deducted to / from the cost of investment.

iii. Minority interest in the net assets of consolidated subsidiaries consists of:
   a) The amount of equity attributable to the minorities at the dates on which investment in a subsidiary is made; and
   b) The minority's share of movements in equity since the date of parent-subsidiary relationship came into existence.

   Minority interest in share of net result for the year is identified and adjusted against the profit after tax. Excess of loss, if any, attributable to the minority over and above the minority interest in the equity of the subsidiaries is absorbed by the Company.

iv. The consolidated financial statements are prepared using uniform accounting policies for similar transactions and other events in similar circumstances except for deviations mentioned under the respective accounting policies.

c) USE OF ESTIMATES:

The preparation of financial statements in accordance with the generally accepted accounting principles requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of reporting period. Estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimate is recognized in the period in which the estimates are revised and in any future period affected.

d) TANGIBLE ASSETS, INTANGIBLE ASSETS AND CAPITAL WIP:

Fixed assets are stated at historical cost less accumulated depreciation. Costs include expenditure directly attributable to the acquisition of the asset. Borrowing costs directly attributable to the construction or production of qualifying assets are capitalized as part of the cost.

Intangible assets are stated at the consideration paid for acquisition less accumulated amortization.

Cost of fixed assets not ready for use before the balance sheet date is disclosed as capital work-in-progress. Advances paid towards the acquisition of fixed assets outstanding as of each balance sheet date is disclosed under long term loans and advances.

e) DEPRECIATION:

Depreciation has been provided on assets on straight line method in accordance with the provisions of Schedule XIV of the Companies Act, 1956 except that in the case of Geeta Monitors Private Limited and Cerebra Middle East FZCO. Depreciation on additions/deletion during the year has been provided for on pro-rata basis. Assets purchased/installed during the year costing less than Rs. 5000/- are fully depreciated.

In respect of Geeta Monitors Private Limited, depreciation is provided at the rates and in the manner provided in Schedule XIV to the Companies Act, 1956 under written down value method.

In respect of Cerebra Middle East FZCO, depreciation is provided under straight line method at the rate of 10% as per local laws.

f) INVESTMENTS:

Long term investments are stated at cost less other than temporary decline in the value of such investments, if any. Current investments are valued at lower of cost and fair value determined by category of investment. The fair value is determined using quoted market price/market observable information adjusted for cost of disposal. On disposal of the investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

g) RETIREMENT AND OTHER TO EMPLOYEE BENEFITS:

i. Short term employee benefits: All employee benefits falling due wholly within twelve months of rendering service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences, etc. and expected cost of bonus, are recognized in the period in which employee renders the related service.

ii. Post employee benefits:

Defined Contribution plans: The state governed provident fund scheme, insurance scheme, and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related services.

Defined benefits Plans: The employee gratuity fund schemes, pension scheme and provident fund schemes are defined benefits plans. Wherever applicable, the present value of obligations under defined benefit plans is determined based on actuarial valuation using the project unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up final obligation.

The obligation is measured in the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yield on the Government securities, of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

The obligations for long term employee benefits such as long term compensated absences, etc. is recognized in the similar manner as in the case of defined benefit plans mentioned above.

h) REVENUE RECOGNITION:

i. Sales include sale of goods and is inclusive of applicable excise duty but exclude Sales tax. Income from sales is recognized upon completion of sale. Warranty charges forming part of the sales are not recognized separately and expenditure incurred in this regard is accounted when incurred. Sales includes inter divisional transfer.

ii. Income from IT services is recognized upon completion of milestones wherever payments are linked to such milestones. In cases where payments are based on completion of each man-hour, man-days, man-month of service rendered, revenue is recognized upon respective completion of the same.

i) INVENTORY:

Inventories are valued at lower of cost or net realizable value. In respect of traded stock cost is computed under first in first out (FIFO) method whereas for Raw Materials the same is computed under weighted average method.

j) FOREIGN CURRENCY TRANSACTIONS:

The Company is exposed to currency fluctuations on foreign currency transactions. Foreign currency transactions are accounted in the books of account at the exchange rates closely approximating those prevailing on the date of transaction.

The difference between the rate at which foreign currency transactions are accounted and the rate at which they are realized is recognized in the statement of profit and loss.

Monetary foreign currency assets and liabilities at period end are restated at the closing rate. The difference arising from the restatement is recognized in the statement of profit and loss.

Financial statements of foreign subsidiary are classified as non integral foreign operations and are incorporated in the financial statements using the following procedures for translation.

a. the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation should be translated at the closing rate;

b. income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions using the average rate for the year; and

c. all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment.

k) ACCOUNTING FOR CLAIMS & CONTINGENCIES:

All known liabilities of material value have been provided for in the accounts except liabilities of contingent in nature, which have been disclosed at their estimated value in the notes to account in accordance with accounting standard (AS 29). As regards, provisions, it is only that obligation arising from past events existing independently of enterprise's future actions that are recognized as provisions. Contingent liabilities are not recognized but are disclosed in the additional information. Contingent assets are neither recognized nor disclosed in the financial statement.

l) IMPAIRMENT OF ASSETS:

The Company assesses at each balance sheet date whether there is any objective evidence that a financial asset or group of financial assets is impaired. If any such indication exists, the Company estimates the amount of impairment loss. The

amount of loss for short-term receivables is measured as the difference between the assets carrying amount and undiscounted amount of future cash flows. Reduction, if any, is recognized in the statement of profit and loss. If at the balance sheet date there is any indication that if a previously assessed impairment loss no longer exists, the recognized impairment loss is reversed, subject to maximum of initial carrying amount of the short-term receivable.

Reversal of impairment loss is recognized immediately as income in the statement of profit and loss.

m) EARNINGS PER SHARE

Basic Earnings per share are calculated by dividing net profit or loss for the year attributable to equity share holders (after deducting attributable taxes and dividend on cumulative preference shares for the year) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity share holders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

n) Taxes:

Income tax:

The current charge for income taxes is calculated in accordance with the relevant tax regulations. Tax liability for domestic taxes has been computed after considering Minimum Alternate Tax (MAT). The excess tax paid under MAT provisions being over and above regular tax liability can be carried forward and set off against future tax liabilities computed under regular tax provisions. Accordingly, MAT credit has been recognized, wherever applicable on the balance sheet which can be carried forward for a period of ten years from the year of recognition.

Deferred Tax

Deferred tax on account of timing differences, between taxable income and accounting income is recognized using the tax rates and laws that have been substantively enacted as of the balance sheet date. Deferred tax assets are recognized to the extent there is certainty that these would be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty of realization of such assets. Deferred tax asserts are reviewed as at each balance sheet date and written down or written off to reflect the amount that is reasonable/virtually certain (as the case may be) to be realized.

o) CASH FLOW STATEMENT

Cash flows are reported using the indirect method, whereby profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts and payments. The cash flows from regular revenue generating, financing, and investing activities of the company are segregated.

2. ADDITIONAL INFORMATION:
(Amounts are in INR unless otherwise stated)

a) The enterprises considered in the consolidated financial statements are:

Name of the enterprise	Country of incorporation	Voting power	
		As on 30-Sep-2012	As on 30-Sep-2013
Cerebra LPO India Limited	India	70%	70%
Cerebra Middle East FZCO	Dubai	90%	90%
Geeta Monitors Private Limited (effective from3rd August 2011)	India	51%	51%
Cerebra E-Waste Recovery Pte Limited (incorporated on 18.01.2013)	Singapore	Nil	100%

b) Employee benefits:

i. Gratuity

Change in present value obligation:

Particulars	30-09-2012	30-09-2013
Present value of funded obligation	0	0
Fair value of plan asset	0	0
Present value of unfunded obligation	25,19,929	23,59,992
Unrecognized past service cost	0	0
Amount not recognized as an asset	0	0
Net liability	**25,19,929**	**23,59,992**
Amounts in balance sheet		
Liability	25,19,929	23,59,992
Asset	0	0
Net liability is bifurcated as follows		
Current liability	1,15,837	1,18,864
Non- current liability	24,04,092	22,41,128
Net Liability	**25,19,929**	**23,59,992**
Expense recognized in the statement of profit and loss		
Current service cost	3,52,834	3,89,912
Interest on Defined Benefit Obligation	1,40,896	2,36,709
Expected Return on Plan Assets	0	0
Net Actuarial Losses / (Gains) Recognized in Year	6,63,592	(7,86,558)
Past Service Cost	0	0
Losses / (Gains) on Curtailments & Settlements	0	0
Losses / (Gains) on Acquisition / Divestiture	0	0
Effect of the limit in Para 59(b)	0	0
Expense recognized in the statement of profit and loss	**11,57,322**	**(1,59,937)**

	Year Ended	
	30-Sep-12	30-Sep-13
	(in `)	
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	**13,62,607**	**22,19,929**
Current Service Cost	3,52,834	3,89,912
Interest Cost	1,40,896	2,36,709
Actuarial Losses / (Gain)	6,63,592	(7,86,558)
Past Service Cost	0	0
Actuarial Losses / (Gain) due to Curtailment	0	0
Liabilities Extinguished on Settlements	0	0
Liabilities Assumed on Acquisition / (Settled on Divestiture)	0	0
Exchange Difference on Foreign Plans	0	0
Benefits Paid	0	0
Closing Defined Benefit Obligation	**25,19,929**	**23,59,992**
Change in Fair Value of Assets		
Opening Fair Value of Plan Assets	**0**	**0**
Expected Return on Plan Assets	0	0
Actuarial Gain / (Losses)	0	0
Assets Distributed on Settlements	0	0
Contributions by Employer	0	0
Assets Acquired on Acquisition / (Distributed on Divestiture)	0	0
Exchange Difference on Foreign Plans	0	0
Benefits Paid	0	0
Closing Fair Value of Plan Assets	**0**	**0**
Expected Employer's Contribution Next Year	1,15,837	1,18,864

FINANCIAL ASSUMPTIONS AT THE VALUATION DATE:

	Year Ended	
	30-Sep-12	**30-Sep-13**
Discount Rate (p.a.)	8.30%	9.20%
Expected Rate of Return on Assets (p.a.)	0.00%	0.00%
Salary Escalation Rate (p.a.)	7.00%	7.00%

ii. Leave salary:

Particulars	**30-09-2012**	**30-09-2013**
Present value of funded obligation	0	0
Fair value of plan asset	0	0
Present value of unfunded obligation	4,47,932	2,58,543
Amounts in balance sheet		
Liability	4,47,932	2,58,543
Asset	0	0
Net liability is bifurcated as follows		
Current liability	67,741	38,651
Non- current liability	3,80,191	2,19,892
Net Liability	**4,47,932**	**2,58,543**

Financial Assumptions:

Particulars	**30-09-2012**	**30-09-2013**
Discounting rate	8.30%	9.20%
Salary escalation rate	7.00%	7.00%

Demographic assumptions:

Retirement age	58 years
Mortality table	LIC(1994-96) mortality table
Leaving service rates	
Age(years)	**Rates**
21-30	15%
31-34	10%
35-44	5%
45-50	3%
51-54	2%
55-57	1%

c) Segment wise business performance:

Business Segment: The Company's operating businesses are organised and managed separately according to the nature of products and services, with each segment representing a strategic business unit that offers different products / services. The two identified segments are hardware trading and software services.

Secondary Segment: The analysis of Geographical segment is based on the geographical location of the customers.

a. Primary segment report by business segment	**30-09-2012**	**30-09-2013**
I. Segment revenue		
a. Hardware	1,29,39,51,397	2,25,76,78,660
b. Software	34,19,50,672	6,28,32,272
Total	1,63,59,02,069	2,32,05,10,932

II.	**Segment result**		
	Profit/(loss) before tax & interest		
	a. Hardware	(2,08,12,753)	1,39,08,804
	b. Software	6,86,72,663	3,33,87,756
	Total	4,78,59,910	5,89,78,383
III.	**Segment assets**		
	a. Hardware	1,70,82,16,743	1,17,01,33,688
	b. Software	17,77,30,345	14,12,00,118
	Total	1,88,59,47,088	1,31,13,33,806
IV.	**Segment Liabilities**		
	a. Hardware	1,70,82,16,743	1,17,01,33,688
	b. Software	17,77,30,345	14,12,00,118
	Total	1,88,59,47,088	1,31,13,33,806
V.	**Capital expenditure**		
	a. Hardware	7,96,86,268	11,69,363
	b. Software	12,48,030	1,91,534
	Total	8,09,34,298	13,60,897
VI.	**Depreciation**		
	a. Hardware	68,82,384	1,07,72,614
	b. Software	9,24,920	758,249
	Total	78,07,304	1,15,30,863

ii) Secondary Segment reporting by geographical segment

Segment wise Revenue	**30-09-2012**	**30-09-2013**
a. Revenue from customers outside India	32,76,65,466	58,98,25,267
b. Revenue from customers in India	1,30,82,36,603	1,73,06,85,665
Total	1,63,59,02,069	2,32,05,10,932

d) Earnings per share:

Sl. No	**Particulars**	**30-09-2012**	**30-09-2013**
1	Profit after tax considered for calculation of basic and diluted earning per share	29,806,705	53,631,767
2	Weighted average number of equity shares considered for calculation of basic earnings per share	40,799,440	48,092,682
3	Weighted average number of equity shares considered for calculation of diluted earnings per share	40,906,434	48,092,682
4	Earnings per share- Basic	0.73	1.12
5	Earnings per share- Diluted	0.73	1.12

e) Due to Micro, small & medium enterprises

As per the records maintained by the company there are no dues to the Micro , small & medium enterprises as on the date of balance sheet.

f) Related Party Disclosure

Kranion technologies Private Limited	Associate Company

Key Management Personnel

Name	**Designation**
V Ranganathan	Managing Director
K Gururaj Upadya	Director
P Vishwamurthy	Director

Shridhar S Hegde	Whole time Director
P Bharath	Managing Director of Kranion Technologies Pvt. Ltd.
Ashok Arjundas	Whole time Director of Geeta Monitors Private Limited
Rashmi A Chhabria	Director of Geeta Monitors Private Limited
Bharath Chhabria	Relative of Director
Asit Ahuja	Director of Cerebra Middle East FZCO

g) The Company has following transactions with related parties:

Particulars	**2011-12**	**2012-13**
V Ranganathan		
Remuneration paid	13,15,000	13,15,000
Gururaj K Upadya		
Remuneration paid	13,15,000	13,15,000
P Vishwamurthy		
Remuneration paid	13,15,000	13,15,000
Shridhar S Hegde		
Remuneration paid	13,15,000	13,15,000
Ashok Arjundas		
- Remuneration paid	12,00,000	12,00,000
Rashmi A Chhabria		
- Remuneration paid	12,00,000	12,00,000

Payable as at	**2011-12**	**2012-13**
Ashok Arjundas		
- Balance Payable	21,34,339	50,58,730
Rashmi A Chhabria		
- Balance Payable	23,84,034	44,94,459
Bharath Chhabria		
- Balance Payable	2,59,106	10,42,283
Asit Ahuja		
- Advance paid	1,02,310	1,70,357
- Reimbursement of Expenses	64,75,200	64,75,200

h. Lease hold land amounting Rs 5,06,39,394/- (Previous Year Rs 5,06,39,394/-) includes 48,564 sq .mts of land at Narasapura Industrial Area, Kolar Taluk, Kolar District allotted by Karnataka Industrial Area Development Board (KIADB) on lease cum sale basis for setting up an e-waste recycling plant within a specified period. As per the lease cum sale agreement, KIADB has got the right to determine the lease and forfeit up to 25% of the consideration paid/ enhance the compensation payable if the Company fails to set up the plant within the specified period.

i. As per the Share Purchase Agreement (SPA) entered between the Company and Enviro–Hub Holdings Limited Singapore (Enviro) the Cerebra E-Waste Recovery Pte Limited remitted US$ 12,50,000 equivalent to Rs 6,79,76,747/- (Previous Year Nil) to Enviro on 25th January 2013 as initial deposit towards acquisition of 100% shares of Enviro's wholly owned subsidiary Cimelia Resource Recovery Pte Limited (Cimelia), a Company in the field of e waste recycling business. However during July 2013 based on the advice given by the consultants and advisors the Company decided to abort the acquisition proposal. The Company is negotiating with Enviro seeking refund the initial deposit and is confident of amicable settlement of the matter. Considering the opinion of the consultants no provision is made in the accounts towards this advance.

j. Capital advance includes :

(i) Rs. 4,02,50,000 (Previous Year Rs 4,02,50,000) was advanced to Cimelia Resource Recovery Pte Limited Singapore (Cimelia) on 24th May 2011 towards technology fee. The payment is made by allotting 23,00,000 equity shares of the Company at a premium of Rs 7.50 Per share.

(ii) Rs. 6,30,00,000 (Previous Year Rs. 6,30,00,000) was advanced to Scenic Overseas (S) Pte Limited (Scenic) on 24th May 2011 towards supply of plant and machinery for e waste recycling plant in India. The payment is made by allotting 36,00,000 equity shares of the Company at a premium of Rs 7.50 Per share.

(iii) Rs. 5,77,50,000 (Previous Year Rs. 5,77,50,000-) was advanced to Leytron Technology Pte Limited (Leytron) on 24th May 2011 towards installation and commissioning of the above plant. The payment is made by allotting 33,00,000 equity shares of the Company at a premium of Rs 7.50 Per share.

All the above allotments were made based on the approvals obtained from the FIPB, Government of India, and the Bombay Stock Exchange Ltd, Mumbai. On signing the SPA, Scenic and Leytron have agreed to return the shares allotted to them and authorized the Company to do the needful to set off against the advance amount. The Company is expecting the refund of advance by Ciemelia either by cash or by transfer of shares. Hence no provision is made in the accounts.

(iv) Rs. 88,48,000 –(Previous Year Rs. 88,48,000) represents balance in advance account from Scenic. US $ 2,25,000 was advanced to Scenic on 24th May 2011 towards supply of plant and machinery against which mobile shredder valued US $ 25,000 was supplied by them so far.

k. Trade Receivables include Rs. 14,65,56,431/- (Previous Year Rs 13,23,10,589/-) outstanding against export of software products and legal process outsourcing services for substantial period. The customer has promised to remit the entire dues before 31st March 2014 and hence no provision is made.

l. Balances of Sundry Debtors, Advances given to parties, Sundry Creditors and advances received from parties are subject to confirmation.

m Previous year figures have been regrouped and reclassified wherever necessary to confirm to current year's presentation.

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th September 2013

Amount in Rupees

Note No.	Particulars	As at 30-09-2013		As at 30-09-2012	
3	**Share Capital**	**Number**	**Amount in INR**	**Number**	**Amount in INR**
	Authorised				
	a Equity Shares	50,250,000	502,500,000	50,250,000	502,500,000
	b **Issued**				
	Equity Shares	48,092,682	480,926,820	48,092,682	480,926,820
	Subscribed and paid fully				
	Equity Shares	48,092,682	480,926,820	48,092,682	480,926,820
	Add: Forfeited Shares- originally paid for 20300 shares	-	101,500	-	101,500
	Total		**481,028,320**		**481,028,320**

c. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity Shares				
Oustanding at the beginning of the period	48,092,682	480,926,820	36,871,182	368,711,820
Issued during the period	-	-	11,221,500	112,215,000
Outstanding at the end of the period	48,092,682	480,926,820	48,092,682	480,926,820

d Terms / Rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of an equity share is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of share holders in the Annual General Meeting.

During the year, the Company has not declared any dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of shares held by the equity share holders.

e Out of the total issued and paid up capital 92,16,153 (92,16,153) shares of Rs 10/ each have been allotted as fully paid up pursuant to a contract without paying received in cash)

f Shares held by each shareholder holding more than 5 percent shares specifying the number of shares held

Name of the Shareholder	No. of shares held	% of holding	No. of shares held	% of holding
Scenic Overseas (S) Pte. Ltd. Singapore	3,600,000	7.49	3,600,000	7.49
Leytron Technology Pte. Ltd. Singapore	3,300,000	6.86	3,300,000	6.86
LPP Developers Private Limited	2,700,000	5.61	2,700,000	5.61
Kalisp Realty Private Limited	-	-	2,500,000	5.20

4	**RESERVES & SURPLUS**				
	Capital Reserve				
	Balance as per last financial statement	15,595,565		1,143,412	
	Add : On forfeiture of warrant application money received	-		12,865,210	
	On Consolidation	-		1,586,943	
	Balance as at the end of the year		15,595,565		15,595,565
	Securities Premium Account				
	Balance as per last financial statement	563,652,876		419,224,131	
	Add: Received during the year	-		170,336,250	
	Less: Transferred to minority interest	-		(17,328,780)	
	Less: Issue expenses	-		(8,578,725)	
	Balance as at the end of the year		563,652,876		563,652,876
	Foreign Currency Translation Reserve				
	Balance as per last Balance Sheet	1,258,218		(12,114)	
	Add / (Less): Effect of foreign exchange rate variations during the year	6,244,862	7,503,080	1,270,332	1,258,218
	Surplus / (Deficit) in Statement of Profit & Loss				
	Balance as per last financial statement	(219,596,186)		(249,402,891)	
	Profit for the year	53,631,767		29,806,705	
	Appropriations				
	Net surplus / (Deficit) in statement of Profit & Loss Account		(165,964,419)		(219,596,186)
	Total Reserves & Surplus		420,787,102		360,910,473

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th September 2013

Amount in Rupees

Note No.	Particulars	As at 30-09-2013	As at 30-09-2012
5	**LONG TERM BORROWINGS**		
	Term Loans		
	- From Banks - Secured *	980,758	1,414,711
	Loans and Advances from Related parties (Unsecured)	11,331,163	99,43,232
	Total Long term borrowings	12,311,921	11,357,943
	Less: Instalments of term loan payable within a year considered as other current liability	275,864	309,309
	Net Long term borrowings	12,036,057	11,048,634
	Term loan from a bank is secured by hypothecation of vehicles		
	Schedule of repayment of loan is as under		
	2013-14 275,864		
	2014-15 295,473		
	2015-16 239,748		
	2016-17 169,673		
6	**DEFERRED TAX ASSETS / (LIABILITIES)**		
	On account of		
	Carry forward losses	937,479	-
	Temporary disallowances under Income Tax	921,415	-
	Difference in written down value of Fixed Assets	(2,568,131)	(1,569,147)
		(709,237)	(1,569,147)
7	**LONG TERM PROVISIONS**		
	Provision for Gratuity	2,241,128	2,404,092
	Provision for Leave Benefits	219,892	380,191
		2,461,020	2,784,283
8	**SHORT TERM BORROWINGS**		
	Loans repayable on demand		
	From Banks (Secured) - Working Capital Borrowings	36,163,977	36,189,301
		36,163,977	36,189,301
	Working capital loan is secured by the hypothycation of book debts & stock, repayable on demand.		
9	**TRADE PAYABLES**		
	Due to Micro, Small and Medium Enterprises	-	-
	Due to other than Micro, Small and Medium Enterprises	223,751,063	903,574,547
		223,751,063	903,574,547
10	**OTHER CURRENT LIABILITIES**		
	Current maturities of long term debts	275,864	309,309
	Other payables	4,749,825	100,730
	Advances from Customers	32,204,756	1,428,543
	Dues to statutory authorities	7,173,459	5,187,816
	Liabilities for expenses	7,190,906	7,447,227
		51,594,810	14,473,625
11	**SHORT TERM PROVISIONS**		
	Provision for bonus	257,353	1,506,175
	Provision for Gratuity	118,864	115,837
	Provision for Leave Benefits	38,651	67,741
	Provision for Income Tax (Net of advance Tax)	21,582,088	11,677,546
		21,996,956	13,367,299

Note No. 12

Sl. No.	Particulars	GROSS BLOCK					DEPRECIATION					NET BLOCK	
		As at 1.10.2012	Additions	Exchange Fluctuation/ Other Adustment	Deletions	As at 30.09.2013	As at 1.10.2012	for the year	Exchange Fluctuation/ Other Adustment	Deletions	As on 30.09.2013	As on 30.09.2013	As on 01.10.2012
	Tangible assets												
i	Land	200,900	-	-	-	200,900	-	-	-	-	-	200,900	200,900
ii	Lease hold land	50,639,394	-	-	-	50,639,394	-	-	-	-	-	50,639,394	50,639,394
iii	Factory Building	4,638,187	-	-	-	4,638,187	1,786,550	154,915	-	-	1,941,465	2,696,722	2,851,637
iv	Plant & Machinery	33,219,198	209,716	-	-	33,428,914	23,623,253	1,248,885	-	-	24,872,138	8,556,776	9,595,945
v	Computer/Printers/Software	53,353,025	350,345	55,031	1,600,000	52,048,339	26,860,151	9,059,668	7,329	-	35,912,491	16,135,848	26,492,873
vi	Vehicles	3,603,922	-	-	425,080	3,178,842	1,637,451	238,649	-	94,486	1,781,614	1,397,228	1,966,471
vii	Furniture & Fixtures	8,094,528	794,138	152,710	-	8,735,956	4,240,953	372,158	(9,212)	-	4,622,323	4,113,633	3,853,575
viii	Electrical Installations	3,502,544	6,698	-	-	3,509,242	626,022	179,838	-	-	805,859	2,703,383	2,876,522
ix	Equipments given on lease	1,859,011	-	-	-	1,859,011	1,340,096	198,631	-	-	1,538,727	320,284	518,915
	TOTAL	159,110,709	1,360,897	207,741	2,025,080	158,238,785	60,114,476	11,452,743	(1,883)	94,486	71,474,617	86,764,168	98,996,234
	Previous year	78,176,411	80,934,298			159,110,709	52,386,290	7,729,185			60,114,475		
13	Intangibles assets												
	Software	390,597	-		-	390,597	312,478	78,119		-	390,597	-	78,119
	TOTAL	390,597	-	-	-	390,597	312,478	78,119	-	-	390,597	-	78,119
	Previous year	390,597				390,597	234,359	78,119			312,478		

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th September 2013

Amount in Rupees

Note No.	Particulars		As at 30-09-2013		As at 30-09-2012
14	**NON CURRENT INVESTMENTS**				
	Investment in equity instruments				
	Sankhya Infotech Limited				
	200 (200) Equity Shares of Rs. 10 each	2,000		2,000	
	Less : Provision for dimunition	2,000	-	2,000	-
	Reliance Power Limited				
	10 (10) Shares of Rs. 10 each		6,670		6,670
			6,670		6,670
15	**LONG TERM LOANS AND ADVANCES**				
	Unsecured, Considered Good				
	Capital Advances		357,600,236		279,583,072
	Security Deposits		6,067,282		7,861,752
	Other Loans & Advances		40,596,877		41,579,850
			404,264,395		329,024,674
16	**OTHER NON CURRENT ASSETS**				
	Others		190,100		190,100
			190,100		190,100
17	**CURRENT INVESTMENTS**				
	LIC MF Savings Plus Fund				
	25,135.226 (25,135.226) units of Rs. 10.0118		284,359		268,171
	Reliance Liquid Fund				
	(Nil) 18,568.518 units of 15.2874		-		30,395,951
	UTI Money Market Mutual Fund				
	(Nil) 422.268 units of Rs. 10.03		-		454,848
			284,359		31,118,970
	Basis of Valuation				
	Lower of cost or market value		284,359		31,118,970
	NAV of investment in Mutual Funds		284,359		31,118,970
	Aggregate provision for dimunition in value of investments		-		-
18	**INVENTORIES**				
	Raw Materials		9,939,963		6,939,511
	Stock in Trade		127,424,785		110,824,548
			137,364,748		117,764,059
	Mode of Valuation:				
	Inventories are valued at lower of cost (FIFO) and estimated net realisable value. Provision had been made in the accounts for damaged, obsolete and slow moving items.				
19	**TRADE RECEIVABLES**				
	[Unsecured]				
	Outstanding for a period exceeding six months from the date they are due for payment				
	Considered Good	320,336,797		551,612,359	
	Considered Doubtful	-		3,963,181	
		320,336,797		555,575,540	
	Less: Provision for doubtful debt	-	320,336,797	3,963,181	551,612,359
	Others		282,756,992		626,788,347
			603,093,789		1,178,400,706

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th September 2013

Amount in Rupees

Note No.	Particulars	As at 30-09-2013	As at 30-09-2012
20	**CASH AND CASH EQUIVALENTS**		
	Cash in Hand	1,007,025	1,346,399
	Foreign Currency in hand	178,380	169,970
	Balance with banks		
	in Current Account	21,616,425	95,254,230
	in Deposit Account	1,081,512	5,293,204
	Cheques, drafts on hand	24,896,066	-
	In Margin Deposit Account	7,103,188	7,103,188
	pledged with banks against bank guarantee)		
		55,882,596	109,166,991
21	**SHORT TERM LOANS AND ADVANCES**		
	Security deposits	-	53,649
	Advance Income Tax (net of provision for taxation)	5,260,048	-
	Prepaid Expenses	400,192	2,687,077
	Advance to Suppliers	1,495,961	11,575,227
	Balance with statutory / Government authorities	3,221,156	5,568,085
	Employee Advances	206,617	248,443
		10,583,974	20,132,481
22	**OTHER CURRENT ASSETS**		
	Discount / Commission Receivable	3,199,945	450,000
	MAT Credit Entitlement	8,548,880	-
	Interest accrued but not due on deposits	1,150,182	618,084
		12,899,007	1,068,084
	CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)		
	CONTINGENT LIABILITIES		
	Claims against the Company not acknowledged as debts		
	Guarantees		
	Guarantees issued by Bankers	7,103,188	7,103,188
	Other money for which Company is contingently liable		
	COMMITMENTS		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	6,676,984	6,676,984

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th September 2013

Amount in Rupees

Note No.	Particulars	For the year ended 30-09-2013		For the year ended 30-09-2012
23	**Revenue from Operations**			
	Sale of Products		2,211,647,618	1,469,965,151
	Sale of Services		97,278,594	157,635,125
	Revenue from operations (Gross)		2,308,926,212	1,627,600,276
	Less: Excise Duty		1,480,778	-
	Revenue from operations (Net)		2,307,445,434	1,627,600,276
	Details of Products Sold			
	Revenue from Trading of Computers & Accessories		2,21,04,21,294	1,469,426,841
	Sale of refurbished e-Waste		1,226,324	538,310
			2,21,16,47,618	1,469,965,151
	Details of Services Rendered			
	Sale of Software Services		69,430,657	105,331,467
	Medical Transcription		14,419,745	13,055,437
	LPO Services		13,428,192	39,248,221
			97,278,594	157,635,125
24	**Other Income**		-	
	Interest Income on Bank Deposits		1,947,445	6,065,567
	Interest Income on Others		-	348,407
	Dividend Income on Current Investments		634,617	159,759
	Net gain / (loss) on foreign currency transaction and translation		8,618,295	915,284
	Other non-operating income (net of expenses)		-	
	Excess Provision / (Unclaimed Credit) Withdrawn	933,085		6,866
	Others	932,056	1,865,141	805,910
			13,065,498	8,301,793
25	**Cost of materials consumed**			
	Opening stock		6,939,511	-
	Add: Purchase during the period		3,696,491	8,859,134
			10,636,002	8,859,134
	Less: Closing stock		9,939,963	6,939,511
	Consumption		696,039	1,919,623
26	**Purchase of Stock-in-Trade**			
	Purchase of Goods		2,133,752,008	1,423,157,888
			2,133,752,008	1,423,157,888
27	**Changes (Increase) / Decrease in inventories of finished goods,**			
	Inventories at the end of the year		-	
	Finished Goods		127,424,785	295,477
			127,424,785	295,477
	Inventories at the beginning of the year			
	Finished Goods		110,824,548	-
			110,824,548	-
	Changes (Increase) / Decrease in inventories of finished goods, work-in-progress and Stock-in-Trade		(16,600,237)	(295,477)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30th September 2013

28	**Employee Benefit Expenses**				
	Salaries and Wages		58,712,759		54,820,217
	Contribution to provident & Other Funds		1,325,946		1,496,714
	Staff Welfare expenses		1,340,590		939,440
			61,379,295		57,256,371
29	**Financial Costs**				
	Interest Expense		8,987,962		8,088,936
	Interest on Income Tax		1,443,903		
	Other Borrowing Costs		1,249,308		1,516,184
			11,681,173		9,605,120
30	**Depreciation and amortisation expenses**				
	Depreciation of tangible assets		11,452,744		7,729,185
	Amortisation of intangible assets		78,119		78,119
			11,530,863		7,807,304
31	**Other Expenses**				
	Consumables		10,910		10,142
	Power and Fuel		707,904		751,508
	Rent		6,379,317		7,723,599
	Repairs to Machinery		232,944		335,060
	Repairs to Others		425,860		112,237
	Insurance		1,203,173		663,805
	Rates & Taxes, excluding taxes on income		2,153,882		3,226,472
	Remuneration to Auditors		324,155		316,978
	Professional Charges		16,906,697		22,744,237
	Freight & Forwarding		1,513,510		566,321
	Provision for Doubtful debts / advances		-		3,963,181
	Bad Debts written off	4,870,904		2,251,645	
	Less: Provision for doubtful debts withdrawn	3,963,181	907,723	-	2,251,645
	Travelling and Conveyance		4,033,461		3,237,700
	Communication expenses		1,892,727		1,288,688
	Commission		12,715,159		9,594,037
	Labour Charges		149,816		2,426,090
	Advertisement / Sales Promotion		6,708,669		16,397,424
	Net loss on foreign currency transaction and translation		-		3,428,961
	Brokerage & commission		-		1,557,251
	Office Expenses		255,097		635,924
	Prior year expenses		-		5,723,527
	Printing & Stationery		349,327		158,695
	Donation		321,300		-
	Loss on sale of fixed assets		41,146		-
	Miscellaneous		1,860,632		1,477,848
			59,093,408		88,591,329
	Remuneration to Auditor				
	As auditor				
	Audit fees		175,000		175,000
	Tax Audit fees		75,000		75,000
	VAT audit fees		50,000		50,000
	Reimbursement of expenses / Service Tax		24,155		16,978
			324,155		316,978

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

Regd Off.: #S-5, off 3rd Cross, I Stage, Peenya Industrial Area, Bangalore - 560 058

ATTENDANCE SLIP

Member/Proxy

Folio No.

No. of Shares

Please tick whichever is applicable.

Nineteenth Annual General Meeting on 31st December, 2013 at 11 a.m.

- A member / proxy wishing to attend the meeting must complete this Attendance Slip and hand it over at the entrance
- If you intend to appoint a proxy please complete the proxy form and deposit it in the Company's registered office at least 48 hours before the meeting.
- I certify that I am registered shareholder / proxy for the registered share holder of the company.

I record my presence at the Nineteenth Annual General Meeting held on 31.12.2013

Name of the Member / Proxy Signature of the Member/Proxy in Block Letters

CEREBRA INTEGRATED TECHNOLOGIES LIMITED

Regd Off.: # S-5, off 3rd Cross, I Stage, Peenya Industrial Area, Bangalore - 560 058

PROXY FORM

I/We _____ of _____ in the

district of _____ being a member/members of the above name of Company

hereby appoint _____ of _____ in the district of

_____ or failing him _____ of _____

in the district of _____ as my / our proxy to vote for me/us on my/our behalf at

the Nineteenth Annual General Meeting of the company to be held on 31st December 2013 and at any adjournment thereof.

Signed this _____ day of _____ 2013

Affix Revenue Stamp

Electronic Manufacturing Services | e-Waste Recycling Facility | Enterprise Mobility Solutions | IT-enabled Services | Enterprise Solutions Division | Cerebra Middle East FZCO

CEREBRA
Total I.T. Solutions
An ISO 9001 : 2008 Company

Cerebra Integrated Technologies Limited

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